File No. 190-56.
Serial Nos. 1-12,
17-20 & 23.

- JCWHMSS.

MYSORE GOVERNMENT SECRETARIAT

Serial Nos. Seventeen only — P. 104 (E)

Part B for May 1956.

SUBJECT

grant of a loan of Rs. 50,000/- to the Mysore chrome Tanning Co., Ltd. from the Bank of Mysore Ltd., on Government guarantee.

WD 0249—GPB—25,000—16-9-55

No. F. 252-4.

D. ~~25-4-56~~ 18/24.4.56.

The Dir. of Stc
The A. G., Mysre, Bangalore
The Secy., B. M. I. C.

~~Directs the rate of commission~~ orders the rate of Govt. guarantee commission to be levied on loans to be granted.

V. Rajasena
19/5/56

App. F. IX—4

Previous References.
I Itc. 56-49-1-16 & Itc. 374-48-1-5 (in one cover). Ind. 130-52-1-5 Ind. Dep. 314/53-54 Ind. Dep. 93/54-55
Later References.
To 90 WAM 58.

(1954) Ind

File No. 190-54.
Serial Nos. 1-12, 17-20 & 23.

MYSORE GOVERNMENT SECRETARIAT

Serial Nos. Seventeen only — P. 104. (E)

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WD 0249—GPB—25,000—16-9-55

G.O. No. F. 252-4. D. ~~25-4-56~~ 18/24.4.56.

The Dir. of Stc
The R. E., Mysore, Bangalore
The Secy., B. M. I. C.

~~Directs the rate of commission~~
orders the rate of Govt. guarantee commission to be levied on loans to be granted.

C.V. Rajanna
19/5/57

App. F. IX—4.

(195

File No.

Previous References.

Serial Nos.

Under References.

MYSORE GOVERNMENT SECRETARIAT

Serial Nos.

Part B for

SUBJECT

MD 0249—GPB—25,000—16-9-55

Advance of Rs. 50000/ Rupees
Capital by the Tuticorin Alkali Chemicals & Fertilizers Ltd.

162/d.

Letter No. 4149 dated 1-4-1954 from the Chairman and Managing Director, The Mys Chrome & Co. Ltd requesting under the directions of the Board to advance a further amount of Rs 50000/ pending the final decision of the Govt of India in regard to the application

1. The previous reference from the Dir Ind referred to in the PUD ~~in connection~~ connected with the Co's loan application to the Small Finance Corporation has been submitted to the Govt for H & I. (4682)

2. Meanwhile the Chairman & Mg Dir of the Mys Chrome Dam requests for the grant of ~~working advance~~ advance of Rs 50000/ to enhance the working capital and ~~reporting~~ that the Co is compelled to retrench its labour. The proposal of the Chairman has not been supported by the Board.

3. Submitted for orders whether the file referred to above from the Govt for H & I may be awaited.

16/4.

4. ~~Meeting~~ The Board of Directors of the Co and the Board of Industries supported the recommendation of the Chairman. Perhaps the Chairman can be requested to obtain these, before the proposal is considered by Govt.

19/4/54

162/I

5 The proposal to revise the terms of the existing loan granted by Govt., enable the Company to raise a further loan from the I.F.C., is being considered separately.

6). Meanwhile, the Chairman of the Company request that a further loan of Rs. 50,000/- may be advanced immediately pending final decision of the I.F.C. He may be told that Govt. cannot consider the request, as it has neither been supported by a resolution of the Bd of Directors of the Company nor placed before the Bd of Industries.

Dev. Secy. 19/4

7) Para 6 is for kind approval.

Min Home & Ind

20/4 Pl. 20/4

8) This file was got back by me from H.M's office.

B/S.

Advance of Rs. 50000/- towards the working capital of the Mys Chrome Tanning Co.

162
9.

9) When the Director, I & C. met Min Home & Ho yesterday, the Minister was pleased to indicate that he was in favour of sanctioning a loan of Rs 50,000 to this concern in the interests of th Labour which belongs mostly to the scheduled caste. Since no assistance can be given by Govt except in accordance with the State Aid to Industries Act, the Director will be requested to ask the concern to apply to the Industries Board in due form.

Min Homes Ho

10) A yes. HOZ
29/5/54

(myself case)

11. Submitted with a draft for approval.

2/6.

letter No. 9516 dt 30-5-54 from the Secy Mys Chrome Tan. forwarding the Result of the Board dated 25-5-54 in the matter.

4/6/54.

12 Issue

Issued letter No. I. 740 dt 8-6-54
To the Chairman & Mg Dir, Chrome Tan
I. 741. Copy to Dir Ind.

13. A Copy of the note of the

N.C.T. Co. Grant of working capital

Secy. is placed below. The Co was asked to apply to the Board of Ind. for the working capital of Rs. 50,000/-. The points raised by the Secy will be examined when the Board recommends to Govt the grant of advance.

162-5 1004-5 I 1704/8

15/6/54.

14/6/54

Letter No. EI-S.A. Misc. (187)/52-53 dated 22-7-54 from the Dir Ind forwarding the resolution dated 12-6-1954 of the Industries Board and requesting orders of Govt.

15. The Board of Industries have recommended the sanction of the grant of Loan of Rs 50000 on Govt guarantee from the Bank: to the Mysore Chrome Dev Co Ltd

16. Submitted w.r. to para (9 & 10).

17. Submitted for orders whether the clarifications may be called for from the Co now on the points noted by the Dev Secretary separately (on track placed below flag I) w.r. to paras 13-14

18) The resolution of the Board of Ind. for the grant of Govt guarantee for a loan of Rs. 50,000/- from the Bank of Mysore is for orders.

6/8.

The Nys Chrome Tanning Co Ltd - grant of Working Capital

(Evidently the Co is not contemplating to get a loan from the S.F. Corporation independent from Govt guarantee, as they originally thought of)

19) Re: the request of the Co for the repayment of the present loan from Govt in another 10 years, Govt have not agreed to the proposal and the Company was informed accordingly (Vide the Collection Head below)

20) For orders.

Sir
10/8/54.

21) [In view of para 9,] the Bank of Mysore may be consulted whether they would agree to grant a further loan of Rs 50,000/- to the Mysore Chrome Tanning Co. on guarantee of Govt., and if so, on what terms.

22) Re: the repayment of the first loan, though a decision has been taken not to extend the time for payment, it is evident that the Company is not in a position to repay it in accordance with the existing terms. Out of the amount due of Rs 2 lakhs (at Rs 8000/- per year from 1-4-52), viz.,

M. C. T. Co. – Grant of working capital.

100402/1704/F

Rs. 1,40,000/-, the Company has so far paid only Rs. 30,000/- and no payments are being made now. In fact, we are now proposing to obtain a further loan of Rs 50000/- to the Concern from the Bank of Mysore, for its working capital. In the circumstances, if this Concern has to be kept going, it will be necessary to further relax the terms of repayment of the existing loan.

23/ F.D. may be concerned in regard to both the proposals.

Dew. Secy. 11/8

DEVELOPMENT DEPARTMENT 3152 11 AUG Government

24/ For favour of remarks.

FIN[illegible] GOVT: OF MYSORE 12 AUG 1954 U. O. No. 5458 Fl.

A. Secy 11/8

: I will be in a position to offer my remarks after the Administrative Secy places his views on record.

Dew Secy – 13/8

FINANCIAL DEVELOPMENT DEPARTMENT 2157 FINANCIAL SECRETARY GOVT: OF MYSORE 24 AUG 1954 U. O. No. 5821 Fl.

26/ I am in agreement with the views expressed at paras 21 & 22

A. Secy 20/8

22. A loan of Rs 2 lakhs has already been guaranteed in respect of this Company only two years ago - We do not know how this amount has been utilised. Nor is any reason given why a Company to which substantial assistance was given should see the necessity so soon of seeking further assistance for its working capital. Govt are granting loans, and are guaranteeing loans granted by Banks, in a number of cases and the amounts so advanced add up to a considerable figure. Yet I doubt if the Deptt has ever thought of reviewing the financial position of industries for which assistance has been given, if only to see satisfy itself about the security for the moneys advanced to them. There is no agency for conducting such reviews and advising the Govt re: the actual position in this behalf. In the absence of such factual investigation it is very unsafe to

consider ad hoc recommendations for the grant of further loans, to the same concerns to which adequate assistance has been given. This is particularly risky in the case of a Company like the present one which has defaulted in the re-payment of a loan already given to the extent of Rs 1,10,000 out of Rs 1.40.000 due up-to-date. The Bank of Myson will, I have no doubt, agree to advance the further sum of Rs 50 000 on the strength of the Govt guarantee but it is the Govt that will be liable to repay the entire amount so guaranteed in the event of default by the Company in the first place is it so certain that the Company would be in a position to repay the instalments with interest in respect of the second loan now proposed

alongwith the heavy balance of Rs 1,70,000 out of the (previous) present loan which still remains outstanding? A Company that has not been able to ack up to the terms of a subsisting obligation is hardly likely to do better in respect of a new one. I am entirely against the proposal to relax the terms of repayment of the present loan. It is wrong in principle and would set up a bad precedent in respect of several other concerns that have obtained loans from Govt & have defaulted in the repayment of the same. The proposal also runs counter to the decision already taken not to extend the time of repayment. Besides, the Banks & Mysore who have advanced large sums on the Govt guarantee have been urging for the repayment of sums already due & overdue and the case no longer turns

a deaf year to this. It is a sad commentary on the way assistance is being given to industries that - with a few exceptions none of the industries which have taken loans from Govt are in a prosperous condition and that - such assistance given once seems to make further assistance necessary in most cases, which in the long run must make one position worse instead of better for the industries themselves.

1704/I

5821/IC

I am for the foregoing reasons unable to agree in either of the proposals [set out in paras 21 and 22.]

SECRETARY DEVELOPMENT DEPARTMENT
3458
25 AUG 1954
Government of Mysore

25/8.

Dev Secy

24/8

Submitted for orders.

26/8/54

(39) Reference 'A' in para 27:

Has not the loan already granted to this concern been brought under the Mysore State Aid to Ind. Act, and has not provision been made in the Act & Rules for conducting reviews of the financial position of concerns to which aid has been rendered by Govt. under the Act?

TODV 1904/I

31) The loan granted to the M.C.T.C. has been brought under the State Aid (A) to Ind. Act. A copy of the Ltr. is placed below. The Act provides for conducting & (Sec. 22 of the Act.) reviews of the financial position of the Concerns to whom assistance has been given under the Act.

for 28/8/54. 32) For orders. Refr. paras 9 & 10 of notes.

33) Sec. Secy. 28/8

SECRETARY DEVELOPMENT DEPARTMENT 3696 30 AUG 1954 Government of Mysore

34) If this concern is to survive the additional bank loan of Rs. 50,000 will have to be given. Otherwise liquidation seems inevitable. Kind reference is invited to paras 9 & 10 in this connection & to the recommendation of the State Aid to Industries Board

Hon'ble Secy to Hon'ble Minister please speak 31/8

35) For orders.

(Hon'ble Minister for Home)

3/9

OFFICE OF THE MINISTER FOR HOME & INDUSTRIES BANGALORE. No. 3626 3 SEP 1954

36) To arrange for an inspection of the Factory by me on an early date

SECRETARY DEVELOPMENT DEPARTMENT 3807 10 SEP 1954 Government of Mysore

I will examine the working of the Factory. 9/9/54

37. A DO letter may be addressed to the Chairman.

11/9

1704/2.

38. Submitted with a draft for approval

16/9 39) A revised draft is submitted. Submitted
17/9/54. 18/9/54. Pl. hurry up.

40) Issue

Issued D.O.L.M.S.No.9988, D.A.2.9.54.
To
Sri M.S. Swaminathan I.A.S.
Addl Dir. of Sts.

Requests that arrangements may kindly be made for the visits of the ministers for H.& D. to the the Chrome tanning Co. at an early date.

41) The Minister, H.& D. has visited the Factory this morning.

42) Submitted 43) For orders.
44) Refer paras 34-36.
30/11/54.

Dev. Secy.

SECRETARY DEVELOPMENT DEPARTMENT 6356 2 DEC 1954 Government of Mysore
OFFICE OF THE MINISTER FOR ... No. 6154 3 Dec 1954 ... BANGALORE.
SECRETARY DEVELOPMENT DEPARTMENT 6579 9 DEC 1954 Government of Mysore

45) For orders.

Min Homes Ind)

46) I inspected the Factory. I found it is in great financial difficulties.

47) The only remedying feature is that this Industry affords employment primarily to Harijans.

48) Hence I am for granting an additional Bank loan of Rs.50,000/-(fifty thousand) only as suggested by the Development Secretary [at para 34,] who was also present at the time of inspection of ~~xxx Xxxxxxxx~~

1704 /Ind.

Grant of Working Capital to Mysore Chrome Tanning Co. Ltd. 6154

the Factory.

1704
I

7-12-54.

4) For orders where the Fin. Commr. to sanction ~~to go~~ the financial sanctions for Pmnl. before putting up case with reference to Paras 2 and 3 of G.O. ~~dated 15.5.54~~.

DP) Fl. Secy. may see.

11/12/54

Dy. Secy.

SECRETARY
GOVT. OF MYSORE
1 DEC 1954
G. O. No. 1057 Fl.

5) Fl. Secy

11/12

5-2) Convenience of the Chief Minister to the orders passed at Para 4 & may be kindly obtained.

Dy Secy 14/12

DEVELOPMENT DEPARTMENT
6675
14 DEC 1954
Government of Mysore

15/12 15/12

53. Submitted with a note Para 54 Submitted - Ry. Para 52 16/12. 1/2 of the note.

16/12/54

55. For favour of orders. A note explaining the case is submitted (Flag P).

Chief Minister) 16/12

c.w. to keep up.

16/12

56. 25.12.54

Attended
17/12

Grant of Working Capital to the Mys Chrome Dam Co. Ltd. 1704/9.

57. Submitted with a draft letter addressed to the Bank of Mysore for appvl.

28/12

28/12/55.

Pt. bring up.

28/12

58. Issued R. no. S. 3996, D. 31.12.54,

To

The Manager,
The Bank of Mysore Ltd.
Bangalore

Requests to intimate whether the Bank would advance the amount on Govt. Guarantee and if so, the terms under which it would be done.

m. no. S. 3997, copy to the Addl Dir of Ins.
S. 3998 The Dir. of Ins.

A.

Warning letter may be issued

5/1/55.

59 Submitted with a draft reminder for appvl.

4/2/55.

60. Issued

4/2/55

Issued R. no. S. 0565, D. 7.2.55.

To

The Manager,
The Bank of Mysore Ltd.
Bilar.

Grant of Working capital to the Mys Chrome Dev Co: Ltd.

1704/5252/9.

Letter No. Loans/11777 dated 1-3-1955 from the Manager, The Bank of Mysore Ltd replying to this office letter No. D 3996 dated 31-12-54.

(Rep paras 54-58

61. On this office letter, the Bank of Mysore was requested to grant a loan of Rs. 50000/ to the Mys Chrome Dev Co. Ltd on Govt Guarantee, the loan being treated as second charge on the existing assets of the Co in accordance with the Board of Industries recommendation (Dir Ind's letter dated 22-7-1954. Flag R.)

62. The Bank of Mysore are agreeable to the grant of loan at 6½ % interest on Govt Guarantee against hypothecation over the stock in trade, the Bank being the first Charge. Besides the limit fixed is 12 months which is perhaps too short.

63. Submitted for orders. Whether the Co's urgent remarks on the P VD may be called for. also and D Dir Ft

Reg paras 47-48.

PVD 4/3. Dy Sec 4/3

64) The rate of interest and the period of repayment as may be accepted by the Co. The rate of interest at 6½ %, the Co will have to pay perhaps the Govt Guarantee Commission of 1% & the yearly. The rate differs from the Mys Sp & 7½ %. The views of the Chairman may be called for.

Sec. Dev 4/3/55.

SECRETARY DEVELOPMENT DEPARTMENT
9525
4 MAR 1955
Government of Mysore

Grant of working capital of the Mys chrome Dev Co. Ltd.

5252
I

65. It is for the Company to negotiate with the Bank a suitable terms.

66: Have or at present any charge on the stock-in-trade of the Company & any other interests likely to be affected?

67. If approved report will be called for from the Dir Doc w.r. to para (66) A draft is also placed below for apprl.

9/3/55.

Not issued as directed

10/3/55.

Letter No. 4041 dated 9-3-55 from the Secretary, Mys. Chrome Dev Co. Ltd forwarding a copy of the Mortgage deed executed by the Co. & Govt in respect of a loan of Rs 2 Lakhs sanctioned.

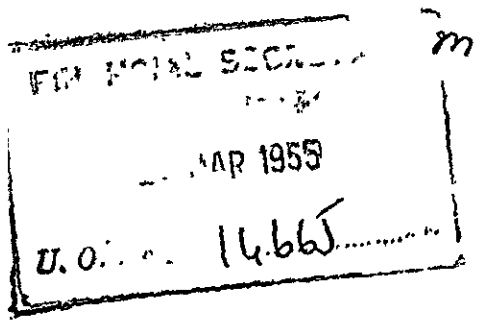
by submitted - Ry. para 66 of the notes. It is ascertained from the Co. that the stock in trade has already been mortgaged to the Mysore Bank in respect of a loan now outstanding at Rs. 40,000/- and to the M. Tobacco Company in respect of a loan for Rs. 25,000/-. It is understood

Grant of working capital to the Mys. Chrome Tan Co. Ltd. 5252/5368/9.

That the Co is having stock in hand worth Rs. 3 lakhs. Govt can give guarantee the advance of Rs. 50,000/- proposed to be given by the Mysore Bank, Govt will have a third charge on the stock in hand

Dy. Secy. 10/3/55.

Please speak
MP.



To) It is not usual for Govt to accept a third charge; nor does it seem very safe in the present case. Judging from the financial position of the concern however, it would appear that the concern will have to close down unless assistance is given. Hence it would be necessary to take the risk as this is an industry that provides employment mainly to Harijans.

TV) For orders.

Min. Home & Ind (thro' Fl. Sec) 12/3.

72 These guarantees which involve risk of enabling the Co to Low many tide over the difficult position for some time. If the present State of affairs cannot be remedied permanently there will be no hope of protecting the industry and the crisis has to be faced. MB 15/3

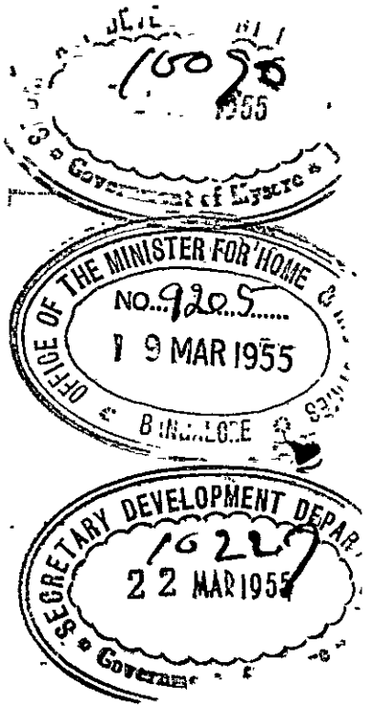
Grant of Working Capital to Alagar Chroma Ind. Co. Ltd. 5368/I

73. The file is referred again to 7-D. I have already furnished my views in detail in paras 27 and 28. If nevertheless the proposal in Para 30 is to be accepted; the concurrence of the Chief Minister to the same may be kindly obtained.

14665/a

17/3

19/3



74. Except what I have minuted in Para 48, I have nothing more to add.

75. Even though the financial stability of the Company is not satisfactory, I have made this recommendation taking into consideration that this is the only one Industry of the kind which helps the poor scheduled caste people who alone are employed there.

76. If it is ultimately decided to grant this loan, it may be done under full safeguards.

19-3-55.

Chief Minister

Please speak urgently

23/3

28 Shall put up a note for Chief Minister's

24/3/55

29 Submitted with a note (Confirmation) (Flag N.)

29/3

Grant of loan of Rs 50000/ to the
Mys Chrome Dam Co. Ltd. 5368/D

Flag 'A'

80) A note is put up for consideration
(35 30/3.

81 The note as asked typed

31/3/55.

82 Submitted with a typed Note.
(Flag N). Reg para 81, 78.

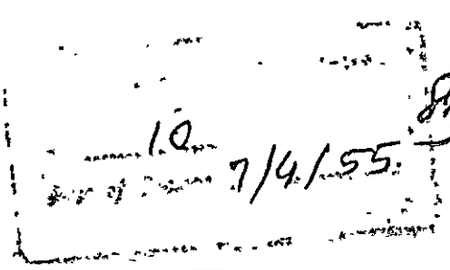
4/4/55
4/4.

Dev. Secy) 4/4/55.

83) For kindly obtaining Ch. Min's orders.

~~Private~~ Secy to Ch. Min)

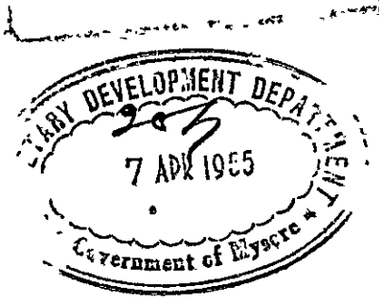
7/4.



84) I agree with the Industries ministers.

7.4.55

XXX



Dev Secy)

11/4

85 Submitted with a draft GO for approval.

86. It is proposed in the draft for the Co to pay one percent guarantee commn to Govt for orders.

87 Please type the draft.

12/4.

12/4/55

Grant of Loan of Rs 50000/ to M/s Chrome Ores Co. Ltd. 5368/9.

BB Submitted with the typed draft.

RMP 18/4 89/ For approval. A guarantee commission at 1% is proposed to be levied. This G.O. is for orders in consultation with the Fe. Dept.

Dev. Secy, 14/4/55.

90/ For favour of urgent remarks.

A/Sec)

16/4.

DEVELOPMENT DEPART
15 APR 1955
Government of Mysore

FINANCIAL SECRETARY
GOVT: OF MYSORE
18 APR 1955
U. O. No. 902 FL

91/ Since Govt are guaranteeing the Loan, the usual guarantee commission should be levied.

Dev Sec 19/4

SECRETARY, DEVELOPMENT DEPT.
20 APR 1955
Government of Mysore

92/ The G.O. may issue including the guaranteeing commission. 21/4.

93. The draft GO proposing 1% guarantee comm^n w.r.t. to paras (89-91) is for appvl.

94 May be seen.

RMP 21/4 Sd 21/4 Issue the draft as revised and put up. 22/4/55.

Grant of Loan of 50,000 ₹ to M/s
Mysore Chrome Tanning Co. Ltd

5368
I

Fair copies are placed below for communication
to the A.G. through F.D.

23/4.

Supdt
FD
23/4.

No. FC Comm 569

23/4
23/4.

ch

Sec
Fin 25/4

25/4/85

To Issued G.O.M.S. 331-35, D. 23.4.85

The Chairman & Managing Dir.
The Mysore Chrome Tanning Co.
The Dir. of Ind.
The A.G. (Cy. F.D.
The Secy. B.M.S.C.

Copies to Fin. Dept

Sanctions the grant of a loan of
Rs. 50,000/- by the Bank of Mysore Ltd. to
the Mysore Chrome Tanning Co... on the guarantee
of Govt. Subject to certain Conditions.

97 The GO issued is flagged (9)
98 Orders are to be issued with regard
to Guarantee Commission for the loan Sanctioned.
97 Resolved after issue. (Reg para 95)

Note
13/5 (35
13/5 1.50. What is the rate of guarantee
commission charged in other cases?.

Grant of loan of Rs 12000/ to U.P. Govt
Cl. [illegible] C 11-1 5368/2.

101. Subd for orders whether A.G. may be consulted w.r. to para(100)
23/5.

102) To be precise about rate of guarantee Commission, it appears desirable to consult the A.G.

(35 23/5 103) This information is available in our files. If it cannot be readily collected, it may be obtained urgently from the Dir. Soc.

104. Submitted with a draft for approval.
30/5. (35 30/5

105 Sd for fin appl.

106. Issue

Issued f. no. 9-846, D. 3. 6. 1955
To
Dr. Dir. of Sr.
Requests to furnish relevant information in the matter.

Grant of loan of Rs 50000/ to the Nys Chrome Jan Co. Ltd. Request to waive the guarantee Commn 5368/1424/9.

Letter No. 33 dated 30.6.1955 from the Chman of Reg Div, the Nys Chrome Jan Co. Ltd requesting as resolved by the Board of Dirs of the Co to waive the guarantee Commn on the loan of Rs 50000/ sanctioned to the Co.

104 It was indicated in the GO sanctioning the loan (Flag L) that separate orders would issue regarding guarantee commission payable to Govt in this regard.

108 The Co request for the waiving of the guarantee Commn for the loan under the circumstances stated. The Chman of Reg Div stated that the proposal has been approved by the Board of Dirs.

109 It is for orders whether the Chman be requested to send a copy of the Board's resolns in the matter and that in the annexure also the remarks of the Div Dr on the PUD be invited.

A

110 It may be stated that a clause has been included in the Mortgage Deed to be executed, a draft of which is being returned separately to the Div Dr after the scrutiny by the Law Deptt.

111 Submd - Reg paras (89-91).

6/7. 35/6/7

112. 'A' may be done.

9/7/61

Grant of loan of Rs 50000/ to the Mys Chrome Tan Co. Ltd - Waiving Guarantee Commn.

Ind. 190-56 1424/9.

113. Submitted with two drafts for apprl.

BR 13/7. BS 13/7.

114 D/Fs for sign.

115. [signature]

To Issued L. no. G. 1813, D. 18. 7. 1955
The Chairman & managing Dir.,
The Mysore Chrome Tanning Co. Ltd.
Bangalore.

Requests to forward a copy of the Resolution passed by the Bd. of Dirs of the Mysore Chrome Tanning Co. in the matter of waiver of guarantee Commission payable to Govt. on the loan of Rs. 50,000/-

To Issued L. no. G. 1814, D. 18. 7. 1955
The Dir. of Ag.
Requests to furnish remarks in the matter.

Letter No. 257 dated 19-7-1955 from the Chairman & Mag Dir, The Mys Chrome Tan Co. Ltd forwarding a copy of the resolution of the Board called for c.r. to paras 109 and 112.

116 Submitted for perusal.

117. The remarks called for from the Dir Agr on 18-7-1955 in the matter, will be awaited if approved.

BR 29/7. BS 29/7.

118. [signature]

Sus A
BR 30/7/55 Fortnightly Reminder.
BS. 1/8

[illegible] of a loan of Rs 50000/ to M/s Chrome Iron Co Ltd - Waiver of guarantee Commission

1424/2129/D.

Letter No. E1.SA. Misc 184/52-53 dated 12-8-55 from the Div IOr in the matter.

119 Kind reference is invited to the Mys Chrome Iron Co's letter dated 30-6-1955 requesting for the waiver of the guarantee commission in respect of the guarantee loan of Rs 50000/ sanctioned (Flag L) as a measure of relief.

120. The Div IOr in the PWD is of the view that though the Co's request deserves sympathetic consideration, granting the same is likely to create unhealthy precedents for other concerns placed in a similar position. which are also, more or less, on a ~~par~~.

121. Submd for orders whether the question of levying guarantee Commission may be pursued and the report called for from the Div IOr in this regard may be got expedited ~~for issue of Govt orders~~. (Ref para 103)

BJP 24/8

121) Now that the Dy. Ch. Ofr. does not favour the waiver of guarantee Commission, on principle, he will, if agd, be reminded to expedite his report. (Ref. para 103)

(BS 24/8. in answer to this office letter dated 3rd June 55.

122 Yes - after verifying that the reply has not since been rcvd.

Grant of loan of Rs 50000/ to the M/s Chrome Dam Co. Ltd. - Guarantee Comm'n

2129/2285/g

Letter No. EI.SA.4994/55-56 dated 24.8.1955 from the Dir IDC furnishing the report called for w.r. to para 103 and 121-122.

123 Submd for perusal.

124 The Dir IDC ~~was asked~~ w.r. to para (100) has indicated the rates of Guarantee Commission fixed in respect of the loans granted to other concerns and has indicated to fix a uniform rate of ½% of Govt guarantee Commission in respect of these loans, granted under the State Aid to Industries Act. This question, being general, will be dealt with in the Industries Act Sections ~~aft~~ if approved after the ~~issue~~ present issue is closed.

125 The present issue is to fix the guarantee Commission for the loan of Rs 50000/ sanctioned to the M/s Chrome Dam Co. Ltd. (Flagged B)

The Fin Sectt has indicated (Para 91) that the usual guarantee Commission should be levied in this case. The Dir IDC has now indicated that the uniform rate of guarantee Commission is ½%.

126. Submd for orders with financial Sectt's concurrence

127. The Co have requested to waive the guarantee Commission on this loan in their representation (Flag C) The Dir IDC is not for the waiver, on the plea that all the other concerns to whom such loans have been granted are placed more or less in a similar position. (Ref paras 119-122)

128) As suggested by the Dir of IDC., the rate of (Govt.) guarantee Commission in respect of the loan taken by the M/s Chrome Tannin

5/9

Grant of loan of Rs 50000/ to the Nys Cenvone Dam Co. Ltd – Guarantee Comm^{n}

2285/I

may be fixed at 1/2 a percent, in consultation with F.D..

129) The rate of guarantee commission payable to Govt. may be fixed with reference to the merits of each case.

130) In this particular case, the company has requested that the guarantee commission may be waived as a special case, in view of the stringent financial position of the company. The Dir. Ifc, who was consulted in the matter, is not in favour of conceding this request, as it is likely to create an un-healthy precedent, particularly as most of the concerns to whom loans have been advanced on Govt. guarantee, are more or less similarly placed.

131) Perhaps, the commission in this case may be fixed at $\frac{1}{2}$ % F.D. also may be consulted. Ref- Para 91.

Jagan 7/4

DW. Secy.

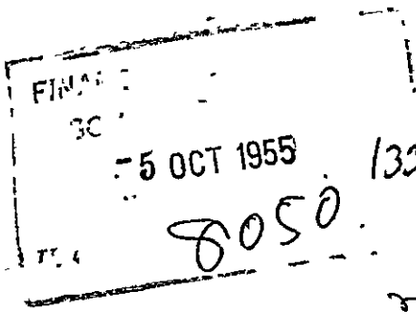
9/4/57

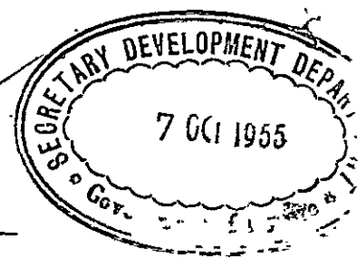
Grant of loan of Rs 50000/ to the Mys Chrome Dam Co Ltd - Guarantee Comm

2285/I

13) Ja ff/o Remarks

Fi. Secy) MS 4/10/55





133) I am not in favour of— reducing the rate of commission, since any such relaxation shown in the case would become a precedent. The rate of commission being 1% is low enough and calls for no reduction—

Dev. Secy 6/10

Addl Secy) 8/10/55

134) It is seen that the rate of guarantee commission is not uniform. In some cases it is ½ % and in others it is 1%. Whether it is half percent or one percent the rate should be uniform. The Director has recommended that

2285/H

in view of the circumstances explained the guarantee should be fixed at ½ %. Before taking a final decision in the matter I would like to know why one percent was fixed in some cases and half percent in other cases.

2339 (C)

Hlee
14/11/55

SECRETARY DEVELOPMENT DEPARTMENT
3708
18 NOV 1955
Government of Mysore

Fi. 8q) HCI 18/11/55 - 19-11-55

SECRETARIAT
MYS
18 NOV 1955
9907 Fl.

135) The rate appears to have been fixed with reference to circumstances of each case. As a general rule the minimum may be ½ %. when the loan to be guaranteed is one lakh or below and one per cent above this limit

Fly) 23/11

Min Ind

136. 24/11

Dev. Sec

25/11/55

134) Hlee

21/12

SECRETARY DEVELOPMENT DEPARTMENT
378
25 NOV 1955
Government of Mysore

OFFICE OF THE MINISTER FOR INDUSTRIES & COMMERCE
No. 2597
26 NOV 1955
DEVELOPMENT DEPARTMENT
SECRETARIAT
22 DEC 1955
Government of Mysore

Grant of loan of Rs 50000/ to M/s Mysore Chrome Tan Co. Ltd 22857/2

138. Submitted with a draft G.O. for appvl.

9/1/56.

139 D/r G.O. is prepd.

140 Done 19/1/57.

Fair copies of G.O's are submitted for communication to A.G. Secl F.D.

20/1/56.

Sent. First Sl

9327

23/1

23/1/56

Sent. dated 24/1

23/1/56

To

Issued order no. D 4426-29 dt. 20/26-1-56

The Chairman & Mang. Dir.,
The Mysore Chrome Tanning Co.

The Dir. of Ind.
The Ag. Secy. F.D.
The Secy. B.M.D.C.
The Manager, Bank of Mysore Ltd.
Copy to Fin. Secy. (Budget)

Directs that the guarantee Commission payable to Govt. by the Mysore Chrome Tanning Co., in respect of the loan of Rs. 50,000/- granted to them by the Bank of Mysore Ltd., Bangalore, on the guarantee of Govt., be fixed at 1/2 per cent per annum.

Grant of loan of Rs 50000/- to the Mys Chrome Tan Co. Ltd

2285/9.

141 Submitted for orders with regard to the uniform rate of Commission with a certain ceiling proposed to be fixed for the loans to which Govt stand guarantee w.r.t. to para (135) (136).

142 It is not indicated whether the general rule approved would have to be given effect to all the loans that have already been granted and do not conform to this rule.

143 May be applied only in respect of loans to be sanctioned hereafter.

144

145

146

8/3

This may kindly be referred to the Rules Section for taking note & further action in the matter

14/3/56

Re Fixing the rate of Guarantee Commission

2285/9.

(47) Submitted with a draft G.O. for appvl w.r. to paras 135-137 and (143-46).

19/3.

(35) 20/3.

(135) Draft G.O. is [illegible].

(46) Dwsecy) (143) 21/3

(46)

12/4/57

Issue

(143) 13/4

SECRETARY DEVELOPMENT DEPARTMENT
7248
21 MAR 1960
Government of Mysore

M. rety pe G.O. as modified revised.

(35) 18/4.

~~Fair copies of G.O.~~ are Submitted ~~for communication to Ag. Secy. 7.1~~

~~(35) 24/4/56.~~

Read order no. D. 252-4 dt. 18/24-4-58

To

The Dir. of Ste.
The Ab. Engr.
The Secy. B. no. 9-P.

Copy to Fin. Secy.

Directs, that as a general rule, the rate of Govt. guarantee Commission in respect of loans to be ord. hereafter, be 1/2 % when the loan to be guaranteed is one lakh or below & 1% above this limit.

(B)

(46) 9/5/58

(35) 9/5.

RAJAKARYAPRASAKTA
B. G. A. MUDALIAR, B.A., B.Sc. (Tech. Manch.)
A.M.I.Mech.E. (Eng.)
RETD. DIRECTOR OF INDUSTRIES & COMMERCE (MYS. GOVT.)
CHAIRMAN

Ind. 190-S-54-1

162/I
4 APR 1954
INDUSTRIES BRANCH

THE MYSORE CHROME TANNING CO. LTD.

AIDED BY GOVT. OF MYSORE

MYSORE ROAD, BANGALORE 2.

TELE { GRAMS : MYCHROME.
PHONE. 2473

POST BOX NO. 28

Ref. No. 4177

SECRETARY DEVELOPMENT DEPARTMENT
12 APR 1954
Govt. of Mysore

Dated 9th April 54.

The Secretary to Government,
Development Department,
BANGALORE.

Dear Sir,

Sub: Advance of Rs 50,000/- towards the Working Capital of The Mysore Chrome Tanning Co.Ltd.

I write to state that the Company has been in correspondence with the Industrial Finance Corporation of India for the past several months for financial aid to meet its requirements. The Industrial Finance Corporation of India was asked to sanction a loan of - Rs 2,50,000/- to meet the following :-

1.	To pay the Out-standing Mysore Govt. Loan	Rs 1,70,000/-
2.	To pay off the Loan of the Mysore Tobacco Co.Ltd. ...	Rs 25,000/-
3.	For Working Capital.	Rs 55,000/-
	Total.	Rs 2,50,000/-

In their last communication of 11th January 1954, there is an indication that our request for financial help will be considered provided the Government of Mysore continued their existing loan against the security of a Second Charge, allowing the First Charge on the Fixed Assets of the Company to the Industrial Finance Corporation of India and that they will accept the repayment of the Loan only after the Corporation loan has been paid in full, as it is not policy to sanction loans to discharge prior loans.

4082

The Board of Directors considered the matter thoroughly at their meeting held on 30th January 1954 in view of the urgency for additional finance for its requirements of Working Capital, and passed a resolution requesting that the Government of Mysore continue their existing Loan holding Second charge on the Fixed Assets of the Company and to accept the repayment of the existing loan after the Company fully discharges its obligation to the Corporation. A copy of the said resolution is herein enclosed for reference.

The Board of Industries, constituted under the State Aid to Industries' Act has considered our request and it is understood that

RAJAKARYAPRASAKTA
B. G. A. MUDALIAR. B.A., B.Sc.-(Tech. Manch.)
A.M.I.Mech.E. (Eng.)
RETD. DIRECTOR OF INDUSTRIES & COMMERCE (MYS. GOVT.)
CHAIRMAN

THE MYSORE CHROME TANNING CO., LTD.

AIDED BY GOVT. OF MYSORE

MYSORE ROAD, BANGALORE 2.

TELE {GRAMS : ~~MYSORE~~
PHONE. 2473

POST BOX NO. 28

Ref. No.

Dated.....

that the Board's recommendations have been submitted to Government by the Director of Industries and Commerce in his letter No.E1/SA/Mis/187/5253 dated 10/12-3-54.

In this connection, I may state that the Company has been chronically short of finance and for want of Working Capital, is manufacturing only about 1/5 of its normal installed capacity and that too, with considerable difficulty. This low output upsets the whole programme of the Company's costs of production and selling prices of its products and if this situation is continued further, there seems to be no prospect of making any profit on its working, but on the other hand, it will be obliged to incur heavy loss.

These difficulties have been further accentuated by the slump conditions in the market and the continued fall in the prices on finished leathers market. In these circumstances, in order to avoid unprofitable working, the Company is compelled unavoidably to retrench its Labour who belong mainly to the Schedule Castes. It is proposed to re-entertain them ~~xxxx~~ when the Company is in a position to keep up larger production through the availability of increased Working Capital. It may be stated that there is very little accumulation of stocks of finished products and raw materials by the Company, since the sales are good and the demand for the products is fair and as on 1.4.54, the balances under finished stocks and raw materials stocks, were Rs 2,07,000/- and Rs 1,83,000/- only, which in the aggregate represents only about 3 to 4 months' production of the Company.

As the welfare of this Labour is very dear to the State Government as well as the Centre, and considerable importance is given to the provision of employment, I request that sanction of Government may immediately obtained to advance a further loan of Rs 50,000/- to enhance the Working Capital of the Company on the securities already furnished pending final decision of the Industrial Finance Corporation of India.

Thanking you,

Yours faithfully,
for The Mysore Chrome Tanning Co.Ltd.,

CHAIRMAN &MANAGING DIRECTOR.

RAJAKARYAPRASAKTA
B. G. A. MUDALIAR, B.A., B.Sc.-(Tech. Manch.)
A.M.I.Mech.E. (Eng.)
RETD. DIRECTOR OF INDUSTRIES & COMMERCE (MYS. GOVT.)
CHAIRMAN

THE MYSORE CHROME TANNING CO., LTD.

AIDED BY GOVT. OF MYSORE

MYSORE ROAD, BANGALORE 2.

TELE {GRAMS: MYSORE / PHONE. 2473

POST BOX NO. 28

Ref. No.

Dated 10th April, 1954.

EXTRACT FROM THE MINUTES PASSED BY THE BOARD OF DIRECTORS AT THEIR MEETING HELD ON SATURDAY THE 30th JANUARY 1954.

--oOo--

Item 10.

"Resolved that the Government of Mysore be requested to continue their existing Loan holding Second Charge on the Fixed Assets of the Company, allowing the First Charge on the Fixed Assets of the Company to the Industrial Finance Corporation of India, who are willing to advance further funds towards the Company's Working Capital as a special case.

It is further resolved that the Government of Mysore ~~be~~ be requested to accept the repayment of the existing Loan after the Company fully discharges its obligations to the Industrial Finance Corporation of India; and to accept ordinary interest of 5% Half Yearly, on the existing loan with the Government till then."

"TRUE COPY"

For The Mysore Chrome Tanning Co,

G. Rangaswamy

Secretary.

RAJAKARYAPRASAKTA
B. G. A. MUDALIAR, B.A., B.Sc.-(Tech. Manch.)
A.M.I.Mech.E. (Eng.)
RETD. DIRECTOR OF INDUSTRIES & COMMERCE (MYS. GOVT.)
CHAIRMAN

THE MYSORE CHROME TANNING CO., LTD.

AIDED BY GOVT. OF MYSORE

MYSORE ROAD, BANGALORE 2.

TELE { GRAMS : XXXXX
PHONE. 2473

POST BOX NO. 28

Ref. No. 4576

GENERAL & SEVEN IF SECRETARIAT
558/I
11 MAY 1954
INDUSTRIES BRANCH

Dated 8th May 54.

SECRETARY

The Secretary to Government of Mysore,
Development Department,
BANGALORE.

Sir,

Sub: Advance of Rs 50,000/- towards Working Capital of the Mysore Chrome Tanning Co.Ltd.

In continuation of this Office letter No.4177 dated the 9th April 1954, requesting for the sanction of an additional loan of Rs 50,000/- immediately towards Working Capital of the Mysore Chrome Tanning Company Ltd., Bangalore, in view of the circumstances explained therein, we send herein enclosed, the relative resolution passed by Circulation dated 5th May 54, by the Board of Directors of the Company for the information of Government.

Thanking you,

Yours faithfully,
for The Mysore Chrome Tanning Co.Ltd.,

C. Rangaswamy
Secretary.

SECRETARY DEVELOPMENT DEPARTMENT
10 MAY 1954
Government of Mysore

Immediate

RAJAKARYAPRASAKTA
B. G. A. MUDALIAR, B.A., B.Sc.-(Tech. Manch.)
& A.M.I.Mech.E. (Eng.)
RETD. DIRECTOR OF INDUSTRIES & COMMERCE (MYS. GOVT.)
CHAIRMAN

THE MYSORE CHROME TANNING CO., LTD.

AIDED BY GOVT. OF MYSORE

MYSORE ROAD, BANGALORE 2.

TELE {GRAMS : XXXXX
PHONE. 2473

POST BOX NO. 28

Ref. No.

Dated 8th May 54.

Copy of Resolutions passed by Circulation by the Board of Directors of the Mysore Chrome Tanning Co.Ltd., Bangalore, dated 5th May 54.

"RESOLVED that the Government of Mysore be requested to to grant immediately a further loan of Rs 50,000/- on the securities already furnished for the existing Loan, as finance is required urgently for the Working Capital of the Company and to increase its production, having regard to its installed production capacity, and the need for keeping up labour employment at the Works as hitherto", and

"RESOLVED that this loan of Rs 50,000/- be adjusted fully, as soon as the Company secures the loan applied for from the Industrial Finance Corporation of India."

"CERTIFIED TRUE COPY."

For The Mysore Chrome Tanning Co, Ltd.,

C. Rangadwamy

Secretary.

To

Snd. 1910-54

The Chairman & Managing Director
The Mys Chrome Tanning Co. Ltd.
Bangalore 2.

I 7240
D&b.

Sir,

Sub:. Advance of Rs 50000/ towards the Working Capital of the Mys Chrome Tanning Ltd.

With ref to your letter No. 4177 dated 9-4-1954 on the above subject, I am directed to ~~state that~~ the Board constituted under the State Aid to Industries Act 1951, may be applied in the prescribed form.

Yours faithfully,

for Dep Secy

Mr. Thai The Company may kindly apply to the Board of Industries for the required assistance in due form.

I 7241
D&b.

Copy ~~of the above with a copy~~ to Dir Ind for info. and ~~necessary action~~

GOVERNMENT OF MYSORE.

Mysore Government Secretariat,

No. I 740. *Dated Bangalore,* 8th June *195* 4.

FROM

The *Secretary to the Government of Mysore,*
Development Department, Bangalore.

To

The Chairman and Managing Director,
The Mysore Chrome Tanning Co. Ltd.,
Bangalore.

Sir,

Subject:- Advance of Rs. 5,000/- towards the Working Capital of the Mysore Chrome Tanning Co. Ltd.

With reference to your letter No. 4177 dated 9-4-1954 on the above subject, I am directed to state that the Company may apply to the Board of Industries for the required assistance in due form.

Yours faithfully,

Sd/- K. Sankaran Nayar,

(K.Sankaran Nayar)
for Secretary to Government,
Development Department.

P.T.O.

Memo No. I 741 D8|6

Copy of the foregoing is forwarded to the Director of Industries and Commerce, Bangalore, for information.

(K.Sankaran Nayar)
for Secretary to Government,
Development Department.

GOVERNMENT OF MYSORE.

Mysore Government Secretariat,

No. I740. *Dated Bangalore,* 8th June *195* 4.

FROM

The *Secretary to the Government of Mysore,*
Development Department, Bangalore.

To

The Chairman and Managing Director,
The Mysore Chrome Tanning Co. Ltd.,
Bangalore.

Sir,

Subject:- Advance of Rs. 5,000/- towards the Working Capital of the Mysore Chrome Tanning Co. Ltd.

With reference to your letter No. 4177 dated 9-4-1954 on the above subject, I am directed to state that the Company may apply to the Board of Industries for the required assistance in due form.

Yours faithfully,

Sd/- K. Sankaran Nayar,

(K.Sankaran Nayar)
for Secretary to Government,
Development Department.

P.T.O.

1004
2nd.

Extract of notes on file bearing Diary No.4682/I - Re: Mysore Chrome Tanning Co. - Loan from the I.F.C.

---

xx xx xx xx

Please communicate immediately. In another communication the company has asked for an advance of Rs.50,000/- from Govt. which will be repayable when the I.F.C. sanctions the loan of Rs.80,000/-. In this connection please have the following points clarified:-

1) How will this amount of Rs.50,000/- be repaid if the I.F.C. does not sanction the loan of Rs.80,000/-?

2) Is the I.F.C. agreeable to the loan amount being utilized for the repayment of other obligations?

3) Has the State Aid Board recommended the advance ?

If publication in the Gazette is necessary under the State Aid to Industries Act. Please ascertain if objections have been called for accordingly.

xx xx xx

This may kindly be referred to Sri: B.N.A.

12/6/54.

GOVERNMENT OF MYSORE

17041/7

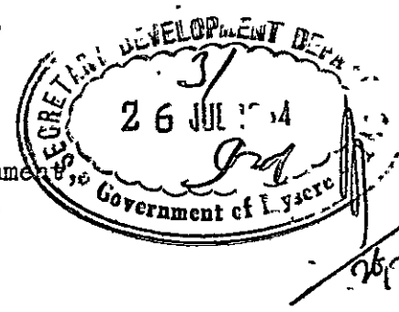
DEPARTMENT OF INDUSTRIES AND COMMERCE

~~D.O.~~

OFFICE OF THE DIRECTOR,

Ref. No. E1-S.A.Misc.(187)/52-53,
Encl: one resolution.

Bangalore-1, 22nd July *195*



To
The Secretary to Government,
Development Department,
Bangalore.

Sir,

Subject:- The Mysore State Aid to Industries Act, 1951 - Application of Messrs. The Mysore Chrome Tanning Co., Ltd., Bangalore, for additional loan under the Act, for working capital.

162.

I write to state that in accordance with your letter No. I.740, dated 8-6-1954, addressed to the Chairman and Managing Director, The Mysore Chrome Tanning Co., Ltd., stating that the Company may apply to the Board of Industries for the required assistance in the prescribed form, the Secretary of the Company preferred an application for grant of an additional loan of Rs.70,000/- for the working capital of the company. In this connection, I may state that the Government have already granted Rs.2 lakhs to the Company on the security of the existing assets which have been mortgaged to the Bank of Mysore Ltd., as a first change; and a sum of Rs.1,70,000/- is outstanding against the Company as on 1-4-1954 exclusive of interest.

The application was considered by the Board of Industries at its meeting held on 12-6-1954 at Hospet and in Resolution No.4(3) of the proceedings (copy enclosed) it was decided that in the present circumstances of the working of the concern, a further loan of Rs.50,000/- may be sanctioned to the above Company on Government guarantee from the Bank. Since the company owes a sum of Rs.50,000/- to the Mysore Bank, the loan now recommended by the Board may have to be obtained from that Bank itself. As regards securities, the latest Balance Sheet of the Company as at 31-12-1953, reveals that the fixed assets, machinery and equipment are valued at Rs.4.38 lakhs, exclusive of the stock-in-trade and stores of over Rs.5 lakhs. Since the Company already owes a sum of Rs.2,20,000/- to Government and to the Bank of Mysore, the fixed securities offered alone are twice the amount of the loan as required under Sections 9 and 10 of the Mysore State Aid to Industries Act, 1951, while there will be additional cover in the floating assets of considerable value. The additional loan of Rs.50,000/- now recommended to be sanctioned on Government guarantee has ~~to be secured on Government guarantee~~ to be treated as a second charge on the existing assets subject to the condition that the loan of Rs.1,70,000/- now due to Government is made repayable in 10 years in half yearly instalments at 5% per annum ordinary interest and 9% per annum penal interest being chargeable on instalments not paid on the due dates and also subject to the condition that the Company insures the mortgaged properties (in accordance with the provisions of the Act and Rules) duly assigned in favour of the Director of Industries and Commerce in Mysore, Bangalore. It will be difficult for the

Company to discharge the loan from its profit in a short period ~~only~~ such as has been stipulated for the existing loan.

In the above mentioned circumstances, and as the need for additional finance for working capital is absolutely urgent and essential, and as this is the only Concern in the State which undertakes the tanning of hides and manufacture of leather on modern lines in an up-to-date plant, as intimated in my letter of even number dated 30-4-1953, and in view of the hardships experienced by the Concern, I request that early orders of Government may kindly be obtained and communicated to this office, sanctioning a Government guaranteed additional loan of Rs.50,000/- as recommended by the Board.

Yours faithfully,

(E.V. GANAPATI IYER)
DIRECTOR.

ST)

Extract from the proceedings of the XIVth meeting of the Board of Industries, constituted under the Mysore State Aid to Industries Act, 1951, held on 12th June 1954 at Hospet, Bellary District.

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xx xx xx

4. Any other subjects:

4(3) The Mysore Chrome Tanning Co:-

The Board felt that as assistance is required by the Company in its present circumstances a loan of Rs. 50,000/- may be sanctioned on Government guarantee from the Bank.

"Copy"

M. Sachidananda Moorthy 22/7/54

(M. Sachidananda Moorthy)
For Director of Industries and Commerce
in Mysore, Bangalore.

st)

To 2nd. 190-54-4

D.O.

The Addl Dir Dte and
Chairman & Managing Dir
The Mys Chrome Tan Co. Ltd.
~~Bgbo~~ (By name)

I 2386
D 22/9/54

Dear Sir;

Sub: Advance of Rs 50000/- for
~~towards the~~ Working Capital.
~~of the Mys Chrome Tan Co. Ltd -~~
~~Request due to Govt for grant.~~

~~I am directed to state that~~
~~in continuation with~~
~~with reg to your letter~~
~~No. 4127 dated 9-4-1954 on the~~
~~above~~ the ~~regarding~~ application of the Mys
Chrome Tan Co Ltd for the grant
of an addl. loan
~~of~~ of Rs 50000/- ~~for the~~ towards working capital
~~of the Co~~, I am ~~directed to~~ directed
~~state that~~ the Govt for H V D
wishes to ~~visit~~ the factory
and examine its working. I am
~~in this connection and to request~~
therefore that arrangements may kindly
be made for his visit of the
~~minister to the Chrome Tan Co.~~
~~the~~ Factory at an ~~early date~~.

I 2385
D 22/9/54

(for Dy Secy)

Copy d Dir Dte. w.r. to his
letter No. EI-SA. Misc (187) 52-53 dated
22-7-1954.

Copy to P.A to Hon. Min.

Sri K.J.Rego, I.A.S.,
Secretary to Government,
Development Department.

MYSORE GOVERNMENT SECRETARIAT,

Bangalore, dated 22nd Sept. *1954*

I 2384

Dear Sir,

Subject:- Application of the Mysore Chrome Tanning Co. Ltd., for an additional loan of Rs. 50,000/- for Working capital.

I am desired to state that in connection with the application of the Mysore Chrome Tanning Co. Ltd, for the grant of an additional loan of Rs. 50,000/- for working capital, the Minister for Home and Industries wishes to inspect the Factory and examine its working. I am to request, therefore, that arrangements may kindly be made for his visit to the Factory at an early date.

Yours sincerely,

Sd/- K. Sankaran Nayar,

(K.Sankaran Nayar)
for Secretary to Government,
Development Department.

Sri M.S.Swaminathan, I.A.S.,
Additional Director of Industries and Commerce
and Chairman, and Managing Director,
The Mysore Chrome Tanning Co. Ltd.,
Bangalore.

P.T.O.

Memo No. I 2385 ಡಿ)2219/52

Copy of the foregoing is forwarded to the Director of Industries and Commerce, Bangalore, with reference to his letter No. B1-3.A. Misc.(187)/52-53 dated 22-7-1954.

(K.Sankaran Nayar)
for Secretary to Government,
Development Department.

Copy to P.A. to the Minister for Home and Industries.

Visit of the Asst for H Y D to the Mys Chrome Zinc Co. Ltd. 38/9/9.

Letter No. 2434 dated 8-12-1954 from the Chairman & Mng Dir, The Mys Chrome Zinc Co. Ltd forwarding a note in respect of the visit of the Asst for H Y D to the Mys Chrome Zinc Co. Ltd on 30-11-1954.

Submitted for perusal.

A note has been submitted by the Secy to the Mines Separately.

5/1/55.

6/1/55.

This may be put up with the Loose file.

Sri M. S. Swamunathan M.A., B.Sc., I.A.S.
(Chairman & Managing Director)

The Mysore Chrome Tanning Co., Ltd.

3819
I

AIDED BY GOVT. OF MYSORE
MYSORE ROAD, : : BANGALORE 2.

GRAMS: "MYCHROME"
TELEPHONE: 2473

POST BOX NO 528

Ref. No 2434

Date 8th Dec. 54.

Dear Sir,

I send herein enclosed for your information, a Note in respect of the visit of the Hon'ble Minister for Home and Industries to the Mysore Chrome Tanning Company Ltd., Bangalore on 30th November 1954.

Thanking you,

Yours sincerely,

B.T.

Sri R. J. Rego, M.A., I.A.S.
Secretary to Government,
Development Department,
Bangalore.

P.C.
Bring up with the W.M. inspection Note
file in which W.M. has asked for an

The file was submitted in person to Dewan Sir

Note on the visit of Hon'ble Mr. H. Siddaveerappa B.A.,LL.B., Minister for Home and Industries to The Mysore Chrome Tanning Company Limited Bangalore, on Tuesday the 30th November 1954.

Hon'ble Mr. H. Siddaveerappa B.A.,LL.B., Minister for Home and Industries, accompanied by Sri. Prabhakar M.L.A.,and Sri. R.J. Rego, M.A.,I.A.S., Secretary to Government, Development Department, visited the Mysore Chrome Tanning Company Ltd., on Tuesday the 30th Nov' 1954 at 10 A.M.

Sri M.S. Swaminathan M.A.,B.Sc.,I.A.S., Chairman & Managing Director of the Company, received the Minister and introduced him to Rajadharmapravina Diwan Bahadur P. Mahadeviah, Rao Bahadur Capmt.A. Thangavelu Mudaliar, Sri. P. Hanumanthiah and Sri. H.F. Marker, Directors of the Company, who were present on the occasion.

The Minister, along with the other visitors was first taken to the Raw Hide Yard, where raw hides imported from West Coast, Coimbatore, Sholapur, Secunderabad were stocked. The Minister enquired as to the sources of supply of raw hides and their quality cost etc. The Chairman, while explaining to him the details, said that the hides of Kanpur are superior in quality and the Company, due to want of Working Capital is not able to import them as in previous years, as they have to be imported in Waggon lots of 2,000 pieces at a cost of Rs.30,000/= to Rs. 35,000/= per wagon.

The Minister was then taken round the Soak pits and Lime pits, where the raw hides are prepared

(contd)

for initial stages of processing and shown the new Fleshing Machine which was recently imported from U.K., by the aid of which, how the fleshing work could be so quickly done, saving hard work to the Labour.

He was then taken to the Tanning Yard and was informed about the chemical process by which the hides are tanned with the aid of Sodium Bichromate, Sulphuric Acid etc., preparing them for further stages.

The party then moved to Shaving Yard where the Hides are shaved to equal thickness before dying. He was very much interested in its working and enquired to what purposes these shavings are used. He was informed that it is used as manure on account of its rich posphate content.

The function of Setting-out Machines, which stretch the hides to their fullest length and remove the marks and creases on the leather, was explained. He was then shown the Staking Machine, by which leathers are softened by pulling them out; the Glazing Machine where leathers are glazed for imparting sheen; the Buffing Machine by the aid of which Sambar leathers are manufactured; the Embossing Machine where the finished leathers are ironed or printed with the aid of plates intended for the purpose; the Measuring machine which measures accurately, induding all the zig zag portions of leathers.

While he was in the Finished Leather Stores, he was shown how the finished leathers were graded and

(contd)

bundled. The different varieties of leathers manufactured, as well as the skins of tiger, cheeta, buck etc., tanned with hair on, were also shown to him and he was pleased to note the varieties of leathers manufactured by the Company and enquired the places to which they were usually consigned. He was informed that as the leathers manufactured by the Company, have established a very good name all over India and abroad, they were finding markets in all parts of India and Ceylon. He was also informed that the export of these leathers to United Kingdom had been stopped owing to reduction in out-put as a result of low working capital.

He was then taken round the Leather goods Manufacturing Section and was intimated in detail as to how the soles for chappals were mechanically cut, stitched and finished by the aid of machines quickly. He was also shown the varieties of durable and up-to-date leather goods manufactured by the Company. The Ammunition boots manufactured by the Company for the police Department, Trivandrum Government, were also inspected by him.

The Minister was finally entertained for Tea by the Directors present. Rajadharmapravina Diwan Bahadur P. Mahadevaiah, welcomed the Hon'ble Minister on behalf of the Board of Directors, explained to him in detail how the Company has progressed under the patronage of Government of Mysore and the necessity for the financial help now sought for. Sri. P. Hanumanthiah, one of the Directors also explained the present financial position of the Company and its need for the Government's help.

(contd)

Sri. M.S. Swaminathan Chairman of the Company while thanking the Hon'ble Minister for the honour he had done the Company by the Visit in his speech, traced the history of the Company from its promotion as a Public Limited Company in 1940, how its assets and business were built up, ~~he~~ & gave an account of its successful working in the past years; the Divideds declared and finally analysed the causes which necessitated the application ~~how move~~ for more Government aid. The Chairman stated that at least a sum of Rs.2,00,000/= would be required to rehabilitate the Company in all its branches of activity to work it on sound lines and requested Government to come to ~~his~~ the aid of an Industry which not only enjoyed a great reputation for quality ~~but~~ and promised sustenance for more than 100 Harijan families.

The Hon'ble Minister while thanking the Directors and Chairman for the reception allowed to him , said that he ~~was~~ could not say off hand how and to what extent the Government could help them, he could assure them that the question would be examined more sympathetically and that he would do his best to lend a helping hand to the Industry.

He further said that he did not see any reason why the local Industry should not be encouraged by the Stores Purchase Committee, by placing its requirements of leather and leather goods, with the Company. He said that he would instruct the Stores Purchase Committee to examine the question on its merits and help the Company as far as possible.

(contd)

He was also kind enough to state that he would recommend to the Defence Department, Government of India to examine the Ammunition Boots etc., manufactured by the Company and if it satisfied their standards, to encourage the Company which is serving the Harijan cause.

He also said that he quite agreed with Sri P. Mahadevayyah, regarding the need to assist existing Industries instead of starting new ones. He advised that the Company should keep the cost of production as low as possible.

He once again assured the Directors that he, in consultation with the Finance and Administrative Departments, would do his best to grant or guarantee the additional loan applied for.

Finally he wished the Company all success and hoped to see the day when the Company would work on its full capacity instead of one fourth or one fifth capacity at present.

Sd/- M. S. Swaminathan.
CHAIRMAN & MANAGING DIRECTOR.

For The Mysore Chrome Tanning Co, Ltd.,
C. Rangaswamy
Secretary.

GRANT OF A FURTHER LOAN OF Rs.50,000/- TO THE MYSORE CHROME TANNING COMPANY Ltd.

The Chairman and Managing Director of the Mysore Chrome Tanning Company Ltd., has represented to Government that the Company has been chronically short of finances and that for want of working capital, it is manufacturing only about 1/5th of its normal installed capacity and that too, with considerable difficulty. This low output upsets the whole programme of the Company's costs of production and the selling prices of its products, and the Company is therefore incurring heavy loss on account of this. These difficulties have been further accentuated by the slump condition in the market and the continued fall in the prices of finished leather products. It is reported that in order to avoid unprofitable working, the Company is compelled unavoidably to retrench its labour who belong mainly to the schedule castes. He has, therefore, requested that Government may advance a further loan of Rs.50,000/- to the Company (in addition to the loan of Rs.2 lakhs already advanced by Government) for increasing its working capital on the guarantee already furnished. The Board of Directors of the Company has supported the request of the Chairman.

The Director of Industries and Commerce has reported that the application of the Company for the loan of Rupees 50,000/- was considered by the Board of Industries at its meeting held on 12-6-1954 and that the Board has resolved that in the present financial circumstances of the Company, a loan of Rs.50,000/- may be obtained for the Company on Government guarantee. The Director has also recommended that this additional loan may be treated as a second charge on the existing assets of the Company subject to the

condition that the sum of Rs.1,70,000/- now due to Government out of the first loan of Rs.2 lakhs may be made repayable in 10 years in half-yearly instalments at 5% per annum ordinary interest and 9% per annum penal interest and also subject to the condition that the Company insures the mortgaged properties in favour of the Director of Industries and Commerce. He has also stated that, as the need for additional finance for working capital is absolutely urgent and essential, and as this is the only concern in the State which undertakes the tanning of hides and the manufacture of leather on modern lines in an upto-date plant and in view of the hardships experienced by the concern, the loan recommended may be sanctioned at an early date.

The Administrative Secretariat noted as follows on the proposal:-

"In view of para 9, The Bank of Mysore may be consulted whether they would agree to grant a further loan of Rs.50,000/- to the Mysore Chrome Tanning Company on guarantee of Government and if so, on what terms.

Re: the repayment of the first loan, though a decision has been taken not to extend the time for payment, it is evident that the Concern is not in a position to repay it in accordance with the existing terms. Out of the amount due up-to-date (at Rs.5,000/- p.m. from 1-4-1952), viz., Rs.1,40,000/-, the Company has so far paid only Rs.30,000/- and no payments are being made now. In fact, we are now proposing to obtain a further loan of Rs.50,000/- to the concern from the Bank of Mysore, for its working capital. In the circumstances, if this concern has to be kept going, it will be necessary to further relax the terms of repayment of the existing loan".

The Finance Department has noted as under:

"A loan of Rs.2 lakhs has already been guaranteed in respect of this Company only two years ago. It is not known how this amount has been utilised. Nor is any reason given why a Company to which substantial assistance was given should be driven to the necessity so soon of seeking further assistance for its working capital. Government are granting loans, and are guaranteeing loans granted by Banks, in a number of cases and the amounts so advanced add upto a considerable figure. Yet I doubt if the Deptt. has ever thought of reviewing the financial position of industries for which assistance has been given, if only to satisfy itself about the security for all moneys advanced to them. There is no agency for conducting such reviews and advising the Government regarding the actual position in this behalf. In the absence of such factual investigation it is very unsafe to consider ad hoc recommendations for the grant of further loans to the same concerns to which adequate assistance has been given. This is particularly risky in the case of a company like the present one which has defaulted in the repayment of a loan already given to the extent of Rs.1,10,000/- out of Rs.1,40,000/- due upto-date. The Bank of Mysore will, I have no doubt, agree to advance the further sum of Rs.50,000/- on the strength of the Government guarantee but it is the Government that will be liable to repay the entire amount so guaranteed in the event of default by the Company. In the first place is it so certain that the Company would be in a position to repay the instalments with interest in respect of the second loan now proposed

The only remedying feature is that this Industry affords employment primarily to Harijans.

Hence I am for granting an additional Bank loan of Rs.50,000/- (Rs.fifty thousand) only as suggested by the Development Secretary~~(at para 34)~~, who was also present at the time of inspection of the Factory".

When the file was re-referred to the Financial Secretary, he has noted that the concurrence of the Chief Minister to the orders passed by the Minister for Home and Industries, might be kindly obtained.

Secretary to Government,
Development Department. I/c.

Grant of a further loan of Rs. 50,000/- to the Mysore Chrome Tanning Co. Ltd.

The Chairman and Managing Director of the Mysore Chrome Tanning Co. Ltd., has represented to Government that the Company has been chronically short of finances and that for want of working capital, it is manufacturing only about 1/5th of its normal installed capacity and that too, with considerable difficulty. This low output upsets the whole programme of the Company's costs of production and the selling prices of its products, and the Company is therefore incurring heavy loss on account of this. These difficulties have been further accentuated by the slump condition in the market and the continued fall in the prices of finished leather products. It is reported that in order to avoid unprofitable working, the Company is compelled unavoidably to retrench its labour who belong mainly to the schedule castes. He has, therefore, requested that Government may advance a further loan of Rs. 50,000/- to the Company(in addition to the loan of Rs. 2 lakhs already advanced by Government) for increasing its working capital on the guarantee already furnished. The Board of Directors of the Company has supported the request of the Chairman.

The Director of Industries and Commerce has reported that the application of the Company for the loan of Rs. 50,000/- was considered by the Board of Industries at its meeting held on 12-6-1954 and that the Board has resolved that in the present financial circumstances of the Company, a loan of Rs. 50,000/- may be obtained for the Company on Government guarantee.. The Director has also recommended that this additional loan may be treated

as a second charge on the existing assets of the Company subject to the condition that the sum of Rs. 1,70,000/- now due to Government out of the first loan of Rs. 2 lakhs may be made repayable in 10 years in half-yearly instalments at 5% per annum ordinary interest and 9% per annum penal interest and also subject to the condition that the Company insures the mortgaged properties in favour of the Director of Industries and Commerce. He has also stated that, as the need for additional finance for working capital is absolutely urgent and essential, and as this is the only concern in the State which undertakes the tanning of hides and the manufacture of leather on modern lines in an upto-date plant and in view of the hardships experienced by the concern, the loan recommended ~~by~~ may be sanctioned at an early date.

3. The Administrative Secretariat noted as follows on the proposal:-

4. (Paras 21 and 22 of the notes).

5. The Finance Department has noted as under:

(Para 27 of the notes).

6. The Administrative Secretary thereupon noted that if this concern was to survive, the additional Bank loan of Rs.50,000/- would have to be given and that otherwise liquidation seemed inevitable. He also drew attention to the recommendation of the Director of Ind.& Com. in the matter.

7. The Minister for Home and Industries inspected the Factory on 30-11-1954 and minuted as fallows:-

(Copy paras 46, 47 and 48 of the notes)

8. When the file was ~~xxxfxxxxx~~ re-referred to

the Financial Secretary, he has noted that the concurrence of the Chief Minister to the orders passed by the Minister for Home and Industries might be kindly obtained.

Secretary to Government,
Development Department.

~~I 3996.~~
~~3/-12-54.~~

To

Bnd. 190-54-5

The Manager
The Bank of Mysore Ltd
Bangalore.

Sir,

Sub: ~~Grant of a/~~ ~~Advance~~ ~~Grant~~ of Rs 50000/ ~~towards the Working Capital~~ of the Mys Chrome Dam Co. Ltd. ~~Request of Govt.~~

I am directed to forward herewith a copy of letter No. 4177 dated 9-4-1954 received from the Mys Chrome Dam Co. Ltd on the above subject and to request you ~~to~~ Kindly to intimate whether the Bank of Mysore would favour ~~us~~ the grant of loan of Rs 50000/ ~~to~~ sought by the Co on the guarantee of Govt and if so the terms ~~&~~ if any conditions thereon may also be indicated urgently.

Yours faithfully,

for Dewan Secy

~~I am directed to state that the M.C.T. Co Ltd have applied to Govt for the grant of a loan of Rs. 70,000/- ~~towards~~ working Capital of the Co. Govt are agreeable to the grant of the loan as recommended by the Mysore Board ~~of~~ Rs 50,000/- for the purpose of the Co. Govt are prepared to consider ~~the~~ request you kindly to intimate whether the Bank would advance ~~the~~ Rupees ~~the~~ on the security of Govt guarantee. And if so, the Terms under which it could be granted. Kindly let us have your reply at your earliest convenience as the matter is urgent.~~

~~and the Bd. of Industries have recommended that a loan of Rs 50,000/- might be obtained from the Bank of Mysore on Govt guarantee, this additional loan being limited as a second charge on the existing assets of the Co.~~

~~for the Bank of Mysore Ltd~~
~~Secy~~

GOVERNMENT OF MYSORE

No. I 3996.

Mysore Government Secretariat,

Dated, Bangalore, 31/56 29/ 12/ ...195 4.

FROM

The *Secretary to the Government of Mysore,*
Development Department.

To

The Manager,
The Bank of Mysore Ltd.,
BANGALORE.

Sir,

Subject:- Grant of a further loan of Rs.50,000/- to the Mysore Chrome Tanning Co., Ltd.

I am directed to state that the Mysore Chrome Tanning Company Ltd., have applied to Government for the grant of a further loan of Rs.70,000/- for its working capital and the Board of Industries have recommended that a loan of Rs.50,000/- might be obtained for the Company from the Bank of Mysore on Government-guarantee, this additional loan being treated as second charge on the existing assets of the Company. Government are agreeable to the grant of the loan as recommended by the Board.

I am to request you kindly to intimate whether the Bank would advance the amount on Government guarantee and if so, the terms under which it would be done.

The favour of a very early reply is requested.

Yours faithfully,

Sd/-
(K.Sankaran Nayar)
Secretary to Government,
Development Department (I/c.)

M.No.I 3997. D.31-12-54.

Jsk.

Copy of the above is forwarded to the Additional Director of Industries & Commerce in Mysore, Bangalore.

(K.Sankaran Nayar)
Secretary to Government (I/c.)
Development Department.

M.No.I 3998. D.31-12-54

Copies of the above are forwarded to the Director of I&C. for favour of information

GOVERNMENT OF MYSORE

No. I. 3996.

Mysore Government Secretariat,

Dated, Bangalore, 31st Dec. ...1954.

FROM

The Secretary to the Government of Mysore,
Development Department, Bangalore.

To

The Manager,
The Bank of Mysore Limited,
Bangalore.

Sir,

Subject:- Grant of a further loan of Rs. 50,000/- to the Mysore Chrome Tanning Company, Limited.

I am directed to state that the Mysore Chrome Tanning Company Limited, have applied to Government for the grant of a further loan of Rs. 70,000/- for its working capital and the Board of Industries have recommended that a loan of Rs. 50,000/- might be obtained for the Company from the Bank of Mysore on Government-guarantee, this additional loan being treated as second charge on the existing assets of the Company. Government are agreeable to the grant of the loan as recommended by the Board.

I am to request you kindly to intimate whether the Bank would advance the amount on Government-guarantee and if so, the terms under which it would be done.

The favour of a very early reply is requested.

Yours faithfully,

Sd. K. SANKARAN NAYAR,
(K. Sankaran Nayar)
I/c. Secretary to Government,
Development Department.

Memo No. I. 3997: Dt. 31-12-54.

Copy of the above is forwarded to the Additional Director of Industries and Commerce in Mysore, Bangalore.

Sd. K. SANKARAN NAYAR,
(K. Sankaran Nayar)
I/c. Secretary to Government,
Development Department.

P.t.o.

Memo No. I. 3998 : . Dt. 31-12-56.

Copies of the foregoing are forwarded to the Director of Industries and Commerce in Mysore, Bangalore, for favour of information.

(K. Sankaran Nayar)
I/c. Secretary to Government,
Food Development Department.

M. G S. App. F. G. 3]

MYSORE GOVERNMENT

SECRETARIAT.

(Continuation sheet draft form).

F 4585
17/2/55

To

The Manager,

The Bank of Mysore Ltd
Bangalore.

Sir,

Sub: Grant of a further loan of Rs 50000/ to M/s Chrome Tanning Co. Ltd.

I am directed to invite reg to this office letter No. D 3996 dated 31-12-54 on the above subject, and to request that your remarks called for in the matter may kindly be forwarded immediately.

Kindly let us know also whether the Bank draft for Rs 50000/- has been delivered to the party.

for Dy Secy

Y.F.

WD 04860—GPB—40,000—22-1-54

GOVERNMENT OF MYSORE

No. I4565

Mysore Government Secretariat,

Dated, Bangalore, 15 February 1955.

FROM

The *Secretary to the Government of Mysore,*
Development Department.

To

The Manager,
The Bank of Mysore Ltd.,
BANGALORE.

Sir,

Subject:- Grant of a further loan of Rs.50,000/- to the Mysore Chrome Tanning Co. Ltd.

I am directed to invite reference to this office letter No.I.3996 dated 31-12-1954 on the above subject, and to request you kindly to intimate immediately whether the Bank would kindly ~~will~~ advance the amount on Government guarantee and if so, the terms under which it would be done.

Yours faithfully,

(K.Sankaran Nayar)
for Secretary to Government,
Development Department.

5252

2 MAR 1955

THE BANK OF MYSORE LTD.,

(INCORPORATED IN MYSORE STATE, LIABILITY OF MEMBERS IS LIMITED)

HEAD OFFICE

TELEGRAPHIC ADDRESS "MYSOREBANK"
TELEPHONE No. 2228
PLEASE QUOTE THIS REF. No. Loans/

POST BOX No 37

BANGALORE 1st March 1955.

11777

3nd. 190-54-6

The Secretary to the
Government of Mysore,
Development Department,
Public Offices,
Bangalore.

DEVELOPMENT DEPARTMENT
6
1 MAR 1955
Government of Mysore

Dear Sir,

Re: Grant of a Loan of Rs.50,000/- to the Mysore Chrome Tanning Co.Ltd.
==

With reference to your letter No.I.3996 of the 31st December last, we are agreeable to grant a Loan of Rs.50,000/-(Rupees Fifty thousand only) at 6½% interest to the Mysore Chrome Tanning Company Ltd., for 12 months against the Government Guarantee and also against hypothecation over the stock-in-trade of the Company, ours being the first charge.

Yours faithfully,

MANAGER.

AV.

POST BOX NO. 528

TEL. } GRAMS "MYCHROME".
PHONE : 2473

THE MYSORE CHROME TANNING CO., LTD.

MYSORE ROAD, :: BANGALORE 2.

No. 4061 Date 9th March 1955. 5368/I

Dear Sir, Ind. 190-54-7

I am sending herewith a copy of Mortgage Deed executed by the above Company in favour of Government of Mysore in respect of Loan of Rs.2,00,000/- sanctioned to it. The above copy is without the Schedule of lands, fixtures and machinery. The same will be supplied if necessary.

The said deed covers up only fixed assets and not the floating assets as per first para on the 2nd page of the Deed.

Thanking you,

Yours sincerely,

G. Rangadhama

Sri B. Lakshmana Rao,B.A.,
Assistant Secretary Industries,
BANGALORE.

THE MYSORE CHROME TANNING CO.LTD,
MYSORE ROAD
P.B. NO. 28 - BANGALORE 2

THIS DEED OF MORTGAGE is made on the twelfth day of September 1949 between the MYSORE CHORME TANNING COMPANY LIMITED, a Joint Stock Company incorporated under the Mysore Companies Act and having its Registered office in Mysore Road, Bangalore city represented for the purpose hereof by the Chairman of the Board of Directors of said Company (hereinafter called The Mortgagor which expression shall include, unless there is anything repugnant in the context, their successors in Office and assigns) of the one part, and the Government of His Highness the Maharaja of Mysore, represented by the Comptroller to the above Government (hereinafter called the MORTGAGEE which expression shall include, unless there is anything repugnant in the context, their successors in office and assigns) of the other part.

WHEREAS on 15-7-1949 the Mortgagor applied to the Mortgagee for a loan of Rs.2,00,000/- (Rupees Two lakhs only) in pursuance of the Resolutions dated 15-6-1948 and 29-6-1949 of the Board of Directors of the Mortgagor Company, authorising its Chairman to approach and negotiate with the Government for the said loan, for the purpose of expanding and improving the business of the Mortgagor by supplementing the working capital of the Mortgagor and by purchasing new Machineries to improve the quality and quantity of the tanning work.

WHEREAS the Mortgagee Government was pleased to accord sanction to the above said Loan of Rs.2,00,000/-(Rupees Two lakhs) in their G.O.No.D.1451/3.I.&.C.56-49-2, dated Bangalore, 31-8-49.

And whereas by a Resolution dated 10-9-49 the Board of Directors of the said Mortgagor Company has authorised the Chairman of the said Board to execute this document on behal of the Mortgagor Company.

Cont.-2-

NOW THIS DEED WITNESSES AS FOLLOWS:-

In consideration of the grant of the aforesaid loan of a sum of Rs.2,00,000/- (Rupees Two Lakhs) which is to be drawn after the execution of this deed, and in pursuance of the terms contained in the aforementioned Government order, the Mortgagor hereby transfers by way of simple mortgage to the Mortgagee all the property described in the Schedule hereto belonging to the Mortgagor to the intent, that the said property consisting of lands, houses, sheds and machineries of Plant etc., more fully described in the Schedule hereto, shall remain and be charged as security for the payment to the Mortgagee, or the afore-mentioned principal money and interest thereon due under this deed.

The Mortgagor and Mortgagee are hereby mutually agreed as follows:-

That

1. The Mortgagor shall draw and the Mortgagee shall advance a sum of Rs. 1,00,000/- (Rupees One lakhs) immediately after the execution of this deed and the said sum of Rs.1,00,000/- (Rupees One Lakhs) shall be repaid by the Mortgagor to the Mortgagee within eighteen months from the date of the drawing of the said amount from the Mortgagee. The Mortgagor shall receive from the Mortgagee the remaining amount of Rs.1,00,000/- (Rupees one lakh) in instalments, as and when required for the purchase of new machineries and this latter sum shall be repaid by the Mortgagor to the Mortgagee within two years from the date of drawing the last instalment of the said sum.

2. The Mortgagor shall pay interest at 5% per annum on the aforesaid loan the said interest shall be calculated from the dates of drawing and on the various sums of money

Contd.-3-

THE MYSORE CHROME MINING CO.LTD.
MYSORE ROAD
P.B. NO. 28 : BANGALORE 2

sums of money drawn from time to time by the Mortgagor.

3. The Mortgagor hereby assures the Mortgagee that the properties and the Machinery mortaged hereby as security for the aforementioned loan, is free from all encumbrances except the one in favour of the Bank of Myose Ltd., Bangalore which is morefully described in Item 'C' of the Schedule hereto, subjecte to which this mortgage is made.

4. In case of default in payment of the principlal money and interest as herein stipplated when the said amounts fall due, under the terms hereinbefore recited, the Mortgagee may recover the same from the Mortgagor and the properties hereby mortgaged and for that purpose forthwith enforces aganist the Mortgaged properties, all or any remedies available for a holder of a simple mortgage under law in this behalf and may also realise and recover the aforesaid principal and interest, by recovering it, as if it were "AN ARREAR OF LAND REVENUE" under the provisions of the Land Revenue Code.

5. The Mortgagor hereby assures the Mortgagee that the Properties mortgaged under this deed shall all be kept in good condition and repair and the Mortgagor shall not do any act which may reduce the value of the security or allienate or part with possession of the machinery and plant hereby mortgaged.

6. It is agreed mutually that the new machineries and plant that may be purchased by the Mortgagor hereafter and any additions and improvements to the buildings on the premises of the Mortgaged properties, shall form additional security and be deemed to form part and parcel of the mortgaged property described in the Schedule hereto.

Contd.-4-

THE MYSORE CHROME TANNING CO. LTD.
MYSORE ROAD
P.B. NO. 28 - BANGALORE 2

IN WITNESS WHEREOF, the mortgagor represented by the Chairman of its Board of Directors, has executed this deed on the TWELFTH DAY OF SEPTEMBER 1949.

WITNESSES: --

CHAIRMAN,
The Board of Directors,
The Mysore Chrome Tanning Co., Ltd.,
BANGALORE.

1.

For The Mysore Chrome Tanning Co, Ltd.,

2.

G. Rangaswamy
Secretary.

GRANT OF A FURTHER LOAN OF Rs.50,000/- TO THE MYSORE CHROME TANNING COMPANY Ltd.

---

1. The Chairman and Managing Director of the Mysore Chrome Tanning Company Ltd., has represented to Government that the Company has been chronically short of finances and that for want of working capital, it is manufacturing only about 1/5th of its normal installed capacity and that too, with considerable difficulty. This low output upsets the whole programme of the Company's costs of production and the selling prices of its products, and the Company is therefore incurring heavy loss on account of this. These difficulties have been further aceentuated by the slump condition in the market and the continued fall in the prices of finished leather products. It is reported that in order to avoid unprofitable working, the Company is compelled unavoidably to retrench its labour who belong mainly to the schedule castes. He has, therefore, requested that Government may advance a further loan of Rs.50,000/- to the Company (in addition to the loan of Rs.2 lakhs already advanced by Government) for increasing its working capital on the guarantee already furnished. The Board of Directors of the Company has supported the request of the Chairman.

2. The Director of Industries and Commerce has reported that the application of the Company for the loan of Rupees 50,000/- was considered by the Board of Industries at its meeting held on 12-6-1954 and that the Board has resolved that in the present financial circumstances of the Company, a loan of Rs.50,000/- may be obtained for the Company on Government guarantee. The Director has also recommended that this additional loan may be treated as a second charge on the existing assets of the Company subject to the

condition that the sum of Rs.1,70,000/- now due to Government out of the first loan of Rs.2 lakhs may be made repayable in 10 years in half-yearly instalments at 5% per annum ordinary interest and 9% per annum penal interest and also subject to the condition that the Company insures the mortgaged properties in favour of the Director of Industries and Commerce. He has also stated that, as the need for additional finance for working capital is absolutely urgent and essential, and as this is the only concern in the State which undertakes the tanning of hides and the manufacture of leather on modern lines in an upto-date plant and in view of the hardships experienced by the concern, the loan recommended may be sanctioned at an early date.

3. The Administrative Secretariat noted as follows on the proposal:-

4. "In view of para 9, the Bank of Mysore may be consulted whether they would agree to grant a further loan of Rs.50,000/- to the Mysore Chrome Tanning Company on guarantee of Government and if so, on what terms.

5. Re: the repayment of the first loan, though a decision has been taken not to extend the time for payment, it is evident that the concern is not in a position to repay it in accordance with the existing terms. Out of the amount due up-to-date (at Rs.5,000/- p.m. from 1-4-1952), viz., Rs.1,40,000/-, the Company has so far paid only Rs.30,000/- and no payments are being made now. In fact, we are now proposing to obtain a further loan of Rs.50,000/- to the concern from the Bank of Mysore, for its working capital. In the circumstances, if this concern has to be kept going, it will be necessary to further relax the terms of repayment of the existing loan".

6. The Finance Department has noted as under:

"A loan of Rs.2 lakhs has already been guaranteed in respect of this Company only two years ago. It is not known how this amount has been utilised. Nor is any reason given why a Company to which substantial assistance was given should be driven to the necessity so soon of seeking further assistance for its working capital. Government are granting loans, and are guaranteeing loans granted by Banks, in a number of cases and the amounts so advanced add upto a considerable figure. Yet I doubt if the Deptt has ever thought of reviewing the financial position of industries for which assistance has been given, if only to satisfy itself about the security for all moneys advanced to them. There is no agency for conducting such reviews and advising the Government regarding the actual position in this behalf. In the absence of such factual investigation it is very unsafe to consider ad hoc recommendations for the grant of further loans to the same concerns to which adequate assistance has been given. This is particularly risky in the case of a company like the present one which has defaulted in the repayment of a loan already given to the extent of Rs.1,10,000/- out of Rs.1,40,000/- due upto-date. The Bank of Mysore will, I have no doubt, agree to advance the further sum of Rs.50,000/- on the strength of the Government guarantee but it is the Government that will be liable to repay the entire amount so guaranteed in the event of default by the Company. In the first place is it so certain that the Company would be in a position to repay the instalments with interest in respect of the second loan now proposed

along with the heavy balance of Rs.1,70,000/- out of the present loan which still remains outstanding ? A Company that has not been able to act up to the terms of a subsisting obligation is hardly likely to do better in respect of a new one. I am entirely against the proposal to relax the terms of repayment of the present loan. It is wrong in principle and would set up a lead precedent in respect of several other concerns that have obtained loans from Government and have defaulted in the repayment of the same. The proposal also runs counter to the decision already taken not to extend the time of repayment. Besides, the Bank of Mysore who have advanced large sums on the Government guarantee have been urging for the repayment of sums already due and overdue and we can no longer turn a deaf ear to this. It is a sad commentary on the way assistance is being given to industries that with a few exceptions none of the industries which have taken loans from Government are in a prosperous condition and that such assistance given once seems to make further assistance necessary in most cases, which in the long run must make the position worse instead of better for the industries themselves.

7. The Administrative Secretary thereupon noted that if this concern was to survive, the additional Bank loan of Rs.50,000/- would have to be given and that otherwise liquidation seemed inevitable. He also drew attention to the recommendation of the Director of Industries and Commerce, in the matter.

8 The Minister for Home and Industries inspected the Factory on 30-11-1954 and minuted as follows:-

9. "I inspected the Factory. I found it is in great financial difficulties.

10. The only remedying feature is that this Industry affords employment primarily to Harijans.

11 Hence I am for granting an additional Bank loan of Rs.50,000/- (Rs.Fifty thousand) only as suggested by the Development Secretary (~~at para 34~~ para 7), who was also present at the time of inspection of the Factory".

12 When the file was re-referred to the Financial Secretary, he has noted that the concurrence of the Chief Minister to the orders passed by the Minister for Home and Industries, might be kindly obtained.

13 With the concurrence of the Chief Minister, the Bank of Mysore were addressed whether they would advance Rs.50,000/- on Government guarantee to the Mysore Chrome Tanning Company. The Bank of Mysore are agreeable to grant the loan at 6½% interest for 12 months against Government guarantee and also against the hypothecation over the stock-in-trade of the Company, the Bank holding the first charge.

14 It is ascertained that the Stock-in-trade of the Company has already been mortgaged to the Mysore Bank in respect of a loan outstanding at Rs.40,000/- and to the Mysore Tobacco Company Ltd., in respect of a loan of Rs.25,000/-. Government will have a third charge on the stock in trade, if the loan of Rs.50,000/- is granted on Government guarantee.

15. The Development Secretary has noted as follows:-

16. "It is not usual for Government to accept a third charge, nor does it seem very safe in the present case. Judging from the financial position of the concern, however, it would appear that the concern will have to close down unless assistance is given. Hence it would be

necessary to take the risk as this is an industry that provides employment mainly to Harijans."

17 When the file was referred to the Financial Secretary, he has noted as under:

18 "The file is referred again to F.D. I have already furnished my views in detail in paras 27 and 28. (Para 16 of the note) If nevertheless the proposal in para 70 is to be accepted, the concurrence of the Chief Minister to the same may be kindly obtained".

19 The Minister for Home & Industries has minuted as follows:-

20 "Except what I have minuted in para 48, I have nothing more to add. (Para 11 of note)

21. Even though the financial stability of the Company is not satisfactory, I have made this recommendation taking into consideration that this is the only one Industry of the kind which helps the poor scheduled caste people who alone are employed there.

22 If it is ultimately decided to grant this loan, it may be done under full safeguards."

23. The file is now submitted for orders of the Chief Minister.

Secretary to Government,
Development Department.

Note (Continuation)

The Chief Minister gave concurrence to the Govt guaranteeing to the Bank loan of Rs 50000/ to be obtained by the Mys Chrome Tan Co. Ltd. Accordingly the Bank of Mysore was consulted.

The Bank of Mysore are agreeable to grant the loan at 6½% interest for 12 months against Govt guarantee and also against the hypothecation over the stock-in-trade of the Co, the Bank holding the first charge.

It is submitted that The stock-in-trade of the Co has already been mortgaged to the Mys Bank in respect of a previous loan outstanding at Rs 40000/ and also to the Mys Tob Co. Ltd in connection with the loan of Rs 25000/. in respect of a claim from the Mys Tobacco Co. Ltd. It therefore resulted in the Govt having a third charge in respect of the present loan to be guaranteed.

The Dev Secretary has noted as follows in the matter. On 11th page / Para 70.

When the file was regarded to the Fin Secretary he has minuted as follows. as under :-

Para 73.

with the concurrence of the Ch. Minister the Bank of Mysore were addressed whether they would advance Rs. 50,000/- on Govt guarantee to the Mysore Chrome Tanning Co.

Govt will have a third charge on the stock in trade, if the loan of Rs. 50,000/- is granted on Govt guarantee.

The Note for H.D on ~~submitting the file~~ has recorded as follows:

Paras 74-76.

The file is now submitted for orders of the Ch Minister in ~~accordance with the Remarks of the Note for H.D.~~

The only remedying feature is that this Industry affords employment primarily to Harijans.

Hence I am for granting an additional Bank loan of Rs.50,000/- (Rs.fifty thousand) only as suggested by the Development Secretary(at para 34), who was also present at the time of inspection of the Factory".

When the file was re-referred to the Financial Secretary, he has noted that the concurrence of the Chief Minister to the orders passed by the Minister for Home and Industries, might be kindly obtained.

Secretary to Government,
Development Department. I/c.

The only remedying feature is that this Industry affords employment primarily to Harijans.

Hence I am for granting an additional Bank loan of Rs.50,000/- (Rs.Fifty thousand) only as suggested by the Development Secretary (at para 34), who was also present at the time of inspection of the Factory".

When the file was re-referred to the Financial Secretary, he has noted that the concurrence of the Chief Minister to the orders passed by the Minister for Home and Industries, might be kindly obtained.

With the concurrence of the Chief Minister, the Bank of Mysore were addressed whether they would advance Rs.50,000/- on Government guarantee to the Mysore Chrome Tanning Company. The Bank of Mysore are agreeable to grant the loan at 6½% interest for 12 months against Government guarantee and also against the hypothecation over the stock-in-trade of the Company, the Bank holding the first charge.

It is ascertained that the Stock-in-trade of the Company has already been mortgaged to the Mysore Bank in respect of a loan outstanding at Rs.40,000/- and to the Mysore Tobacco Company Ltd., in respect of a loan of Rs.25,000/-. Government will have a third charge on the stock in trade, if the loan of Rs.50,000/- is granted on Government guarantee.

The Development Secretary has noted as follows:-

"It is not usual for Government to accept a third charge, nor does it seem very safe in the present case. Judging from the financial position of the concern, however, it would appear that the concern will have to close down unless assistance is given. Hence it would be

necessary to take the risk as this is an industry that provides employment mainly to Harijans."

When the file was referred to the Financial Secretary, he has noted as under:

"The file is referred again to F.D. I have already furnished my views in detail in paras 27 and 28. If nevertheless the proposal in para 70 is to be accepted, the concurrence of the Chief Minister to the same may be kindly obtained".

The Minister for Home & Industries has minuted as follows:-

"Except what I have minuted in para 48, I have nothing more to add.

Even though the financial stability of the Company is not satisfactory, I have made this recommendation taking into consideration that this is the only one Industry of the kind which helps the poor scheduled caste people who alone are employed there.

If it is ultimately decided to grant this loan, it may be done under full safeguards."

The file is now submitted for orders of the Chief Minister.

Secretary to Government,
Development Department.

Ind. 180-54-8.

PROCEEDINGS OF THE GOVERNMENT OF MYSORE.

Read:

Correspondence ending with letter No. 4516, dated 8-5-1954, from the Secretary, Mysore Chrome Tanning Company Limited, Bangalore, forwarding a copy of the resolution dated 5-5-1954 of the Board of Directors of the Mysore Chrome Tanning Company Limited, requesting sanction of Government for a further loan of Rs. 50,000/- to the Company towards its working capital.

2. Letter No. E1-S.A. Misc. (187)/52-53, dated 22-7-1954, from the Director of Industries and Commerce in Mysore, Bangalore, forwarding the resolution of the Board of Industries for the grant of a loan of Rs.50,000/ on Government guarantee from a Bank and recommending that the loan now recommended to be granted may be treated as a second charge on the existing assets subject to the condition that the Company insures the mortgaged properties in accordance with the provisions of the State Aid to Industries Act and the rules framed thereunder duly assigned in favour of the Director of Industries and Commerce.

3. Correspondence ending with letter No. Loans 11777, dated 1-3-1955, from the Manager, The Bank of Mysore Limited, Bangalore, stating that they are agreeable to grant the loan of Rs. 50,000/- to the Company at 6½ per cent interest for 12 months against the Government guarantee and also against hypothecation over the stock in trade of the Company, theirs being the first charge.

P.t.o.

ORDER No. I. 331 ~~133~~-35/Ind 190-54-8

DATED, BANGALORE, THE 23rd APRIL 1955.

The Bank of Mysore is requested to grant a loan of Rs. 50,000/- (Rupees fifty thousand only) to the Mysore Chrome Tanning Company Limited on the guarantee of Government subject to the conditions mentioned by the Director of Industries and Commerce in his letter dated 22-7-1954 and the Bank of Mysore Limited, in their letter dated 1-3-1955 referred to above.

2) Separate order in case No. III

~~2.~~ A guarantee commission ~~at 1 per cent~~ shall be ~~will be paid~~ to Government by the Company.

3. The Director of Industries and Commerce is requested to take necessary further action in the matter.

Secretary to Government,
Development Department.

To---The Chairman and Managing Director, The Mysore Chrome Tanning Co. Ltd., Bangalore;

The Director of Industries and Commerce in Mysore, Bangalore;

The Accountant-General, Mysore, Bangalore, through the Financial Department;

The Secretary, Board of Management of Indl. Concerns, Bangalore.

Copy to Financial Secretariat (Budget).

(Spare 5).

To Ind. 190-5-4-9.

I 846
3-6-55

The Dir Dc

Sir,

Loans granted to Ind. Concerns on the guarantee of Govt - Rate of guarantee commission -

I am directed to request you to kindly furnish information regarding the rates of guarantee commission ~~payable to Govt charged by the various Banks~~ in respect of ~~loans granted~~ the loans sanctioned granted to the various ~~Secured to Govt Aided Concerns~~ industrial concerns on the guarantee of Govt.

Yours faithfully,

for Dir Secy

3/6/55

GOVERNMENT OF MYSORE

No. I 846

Mysore Government Secretariat,

Dated, Bangalore, 30th June *1955.*

FROM

The *Secretary to the Government of Mysore,*
Development Department, Bangalore.

To

The Director of Industries and Commerce
in Mysore, Bangalore.

Sir,

Subject:- Loans granted to Industrial Concerns on the guarantee of Government - Rate of guarantee commission.

I am directed to request you kindly to furnish urgently information regarding the rates of guarantee commission payable to Government in respect of the loans granted to the various industrial concerns on the guarantee of Government.

Yours faithfully,

(K.Sankaran Nayar)
for Secretary to Government,
Development Department.

1424
I

THE MYSORE CHROME TANNING CO., LTD.

AIDED BY GOVT. OF MYSORE

MYSORE ROAD :: :: BANGALORE-2.

TELE { GRAMS: MYCHROME
PHONE: 2473

POST BOX NO. 528

Ref No. 33. Ind. 190-54-10

Dated 30th June 1955

The Secretary
to Government of Mysore,
Development Department,
BANGALORE.

Ind A

Sir,

At a meeting of the Board of Directors of the Company held on 18-6-1955, the Board has thankfully accepted the loan of Rs. 50,000/= sanctioned by Government as per their order No. I. 331-35/Ind. 190-54-8 dated 23-4-55.

The above sum will be utilised for working expenses. We have very little funds with us and a substantial portion of the losses which we are incurring today are due to the heavy rate of interest we are made to pay.

The Company will not be able to turn the tide of losses if relief is not obtained immediately in this direction.

The matter was discussed at the Board meeting held on 18-6-1955, and I have been asked to request the Government to waive their guarantee commission on the above loan to the Company.

I request that sanction of Government in this behalf may kindly be obtained and intimated at an early date.

Thanking you,

Yours faithfully,
FOR THE MYSORE CHROME TANNING CO.,LTD.,

CHAIRMAN & MANAGING DIRECTOR.

SECRETARY DEVELOPMENT DEPARTMENT 13 JUL 1955 Government of Mysore

psr.

Ind. 190-54-11

To

I

I 1873
D 18/7/55

The Chairman & Mg Director
The Mys Chrome Tan Co. Ltd
Mysore Road, B'lore 2.

Sir,

Sub: Grant of a ~~loan~~ further loan of Rs 50000/ to the Mys Chrome Tanning Co. Ltd on the guarantee of Govt - ~~Regarding~~ Request for waiver of guarantee Commission payable to Govt - ~~Request for waiving.~~

I am directed to refer to your letter No. 33 dated 30-6-55 on the above subject and to request that a copy of the resolution passed by the Board of Directors of the Mys Chrome Tan Co. Ltd in the matter may kindly be forwarded urgently.

Y.F

for Dev Secy

RJB

P.T.O.

Draft [illegible]/121

Ind. 190-5-4-12

To

The Dir Dc.

I 1814/E:1
D18/7/53

Sir,

Sub: Grant of a further loan of Rs 50000/ to the Nys Chrome Mining Co Ltd. Request for waiver of guarantee Commission payable to Govt. ~~Request for waiving.~~

I am directed to forward herewith a copy of letter No. 33 dated 30.6.1955 received from the Chairman & Mg Dir of the Nys Chrome Mining Co Ltd on the above subject, for favour of your urgent remarks.

Y. F.

for Dev. Secy

GOVERNMENT OF MYSORE.

No. I 813

Mysore Government Secretariat,

Dated Bangalore, 18th July *195* 5.

FROM

The *Secretary to the Government of Mysore,*
Development Department, Bangalore.

To

The Chairman and Managing Director,
The Mysore Chrome Tanning Co. Ltd.,
Mysore Road, Bangalore 2.

Sir,

Subject:- Grant of a further loan of Rs. 50000/- to the Mysore Chrome Tanning Co. Ltd., on the guarantee of Government - Request for waiver of guarantee commission payable to Government.

I am directed to refer to your letter No. 33 dated 30-6-1955 on the above subject and to request that a copy of the resolution passed by the Board of Directors of the Mysore Chrome Tanning Co. Ltd., in the matter may kindly be forwarded.

Yours faithfully,

(K.Sankaran Nayar)
for Secretary to Government,
Development Department.

GOVERNMENT OF MYSORE.

No. C.(814/E:1)

Mysore Government Secretariat,

Dated Bangalore, 18th July *1955.*

FROM

The *Secretary to the Government of Mysore,*
Development Department, Bangalore.

To

The Director of Industries and Commerce
in Mysore, Bangalore.

Sir,

Subject:- Grant of a further loan of Rs. 50,000/- to the Mysore Chrome Tanning Co. Ltd. - Request for waiver of guarantee commission payable to Government.

I am directed to forward herewith a copy of letter No. 33 dated 30-6-1955 received from the Chairman and Managing Director of the Mysore Chrome Tanning Co. Ltd., on the above subject, for favour of your urgent remarks.

Yours faithfully,

(K.Sankaran Nayar)
for Secretary to Government,
Development Department.

The Mysore Chrome Tanning Co., Ltd.

AIDED BY GOVT. OF MYSORE

MYSORE ROAD, BANGALORE 2.

GRAMS: "MYCHROME"
TELE PHONE: 2473

POST BOX NO 528

Ref. No 257.

Date 19th July 55

The Secretary
to the Government of Mysore,
Development Department,
BANGALORE.

Gnd. 190-54-17

Sir,

Sub:- Grant of a further Loan of Rs. 50,000/= on the guarantee of Government and ~~to~~ waiver of guarantee commission payable to Government.

I herein enclose a copy of the Resolution passed by the Board of Directors of the above Company on the above subject at their meeting held on 18th June 1955, as desired in your letter No. I. 1813 dated 18th July 1955 for information of Government.

Thanking you,

Yours faithfully,
FOR THE MYSORE CHROME TANNING COMPANY LTD.,

CHAIRMAN & MANAGING DIRECTOR.

The Mysore Chrome Tanning Co., Ltd.

AIDED BY GOVT. OF MYSORE

MYSORE ROAD, : : BANGALORE 2.

POST BOX NO 528

GRAMS: "MYCHROME"
TELE PHONE: 2473

Ref. No

Date.....

Copy of Resolution No.9 passed by the Board of Directors of THE MYSORE CHROME TANNING COMPANY LIMITED, at their meeting held on 18-6-1955:-

---

9. Consideration of Govt. Order No.I. 331-35/Ind.190-54-8 dated 23-4-55 sanctioning a further loan of Rs. 50,000/=

The above Government Order was tabled.

While accepting the sanction with thanks it was resolved: that the Chairman be and is hereby authorised,

(1) to request the Government to waive their guarantee Commission, in view of the stringent financial position of the Company.

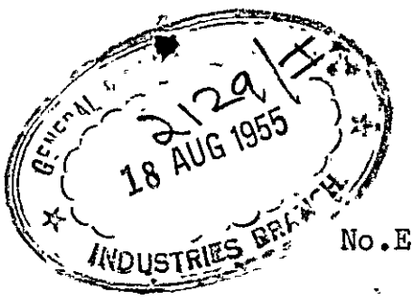
(2) to request the Bank of Mysore Ltd.,(H.O) to reduce the interest of 6½% on Rs. 50,000/= (as contemplated in their letter No. Loans 11778 dated 1-3-55 addressed to Government), to 5½%,

"CERTIFIED TRUE COPY"

For The Mysore Chrome Tanning Co., Ltd.,

Chairman.

Ind. 190-54-18



GOVERNMENT OF MYSORE.

DEPARTMENT OF INDUSTRIES AND COMMERCE.

Office of the Director,
Bangalore,
Dated 12th August 1955.

No.E1.S.A.Misc.187/52-53.

To

THE SECRETARY TO GOVERNMENT,
Development Department,
Bangalore.

Ind.

Sir,

Subject: Grant of further loan of Rs.50,000/- to the Mysore Chrome Tanning Co.,Ltd., Bangalore - Request for the waiver of guarantee commission payable to Government.

1424/9

With reference to your letter No.I.1814 dated the 18th July 1955 on the above subject, I write to state that though the Company's request for a waiver of guarantee commission may deserve sympathetic consideration, the same may not be conceded, since it is likely to create an unhealthy precedant for similar concerns to lay claim to similar concessions in future, particularly as most of the concerns to whom such guarantees have been extended by Government, happen to be more or less similarly placed.

Sup A.
30-9-55.

Yours faithfully,

(V. VENKATACHAR)
(~~S.K. MUTHANNAPPA~~)
FOR DIRECTOR.

bvs.

2285/A
30 AUG 1955
INDUSTRIES

Ord. 190-54-19

GOVERNMENT OF MYSORE
DEPARTMENT OF INDUSTRIES & COMMERCE

No.ET.31.4994/55-56.

Office of the Director,
Bangalore, Dated: 24th August 1955.

SECRETARY DEVELOPMENT DEPARTMENT
25 AUG 1955
Government of Mysore

THE SECRETARY TO GOVERNMENT,
Development Department,
B A N G A L O R E .

SIR,

SUBJECT: THE MYSORE STATE AID TO INDUSTRIES ACT, 1951.
Loans granted to the Industrial Concerns on the - -
Guarantee of Government-Rate of Guarantee Commission.

5368
2129

With reference to your letter No.I.846 dated 3rd June 1955 on the above subject, I write to state that, as at present, the various Industrial Concerns to whom loans have been sanctioned on the Guarantee of Government and those concerns since brought under the purview of the Mysore State Aid to Industries Act, as per Section 22, are paying different rates of ordinary interest and Guarantee commission, as noted in the margin, and it is found desirable to charge a uniform rate of Guarantee Commission in respect of all the aided concerns ~~for the~~ sanctioned under the Act for the following reasons:-

	Rate of Ord. Interest.	Rate of Guarantee Commission.
1. The Mysore Spun Silk Mills Ltd. Channapatna	5½%	½%
2. The Mysore Silk Filatures, T. Narasipur, three loans.	4%, 4%, & 5%	1%
3. M/s. K.B. Doddarajappa & K.R. Natarajaiah, Bangalore Fancy Fire Works.	6%	½%
4. Kapila Textile Mills Ltd. Nanjangud.	1½% more than the rate of Reserve Bank of India.	1%
5. The Mysore Chrome Tanning Co., Ltd., Bangalore.	5%	Not yet fixed.

1. After the introduction of the Mysore State Aid to Industries Act, 1951, no new loans for Industrial Concerns may be granted by Government without obtaining the advice of the Board. Adequate securities are also insisted upon as provided under the Act.

2. The Banks do not agree for the grant of long-term loans as such applicants now getting Bank Guarantee loans are denied the advantages enjoyed by grantees of cash loans under the Act; and in the former case the tenure for the repayment of entire loan (according to Bank's condition) will be hardly about a year or two whereas in the latter case the period for repayment ranges to 10 years as per Sec.13(2) of the Act.

3. The loanees will have to insure their mortgaged properties against risks mentioned in Rule 35 of the Rules and payment of premiums in time is -- another financial commitment on the part of the Concerns. Besides, several concerns to whom loans are sanctioned on Government Guarantee will have to pay ordinary interest at more than five per cent where as in the case of Government loan a uniform rate of interest at 5% is being charged.

In view of the aforesaid difficulties, the rate of Guaranteeing Commission that has to be levied in respect of these loans deserve to be viewed sympathetically and it is for the kind consideration of ~~the~~ Government to fix a uniform rate of Government Guarantee Commission at half a per cent in respect of all concerns granted aid under the State Aid to Industries Act.

Yours faithfully,

S. Muninanjappa

(S. MUNINANJAPPA),
DIRECTOR.

25-8-55

mVs. 2.)

SECRETARY DEVELOPMENT DEPARTMENT
25 AUG 1955
Govt. of Mysore

Read: Ind. 190-54-20

G.O. No. 9 331-35/Ind 190-54-8

dated 23.4.1955 ~~sanctioning~~ ~~granting~~ ~~a~~ ~~loan~~ ~~of~~ ~~Rs~~ ~~50,000/-~~ ~~raised~~ ~~by~~ ~~from~~ ~~the~~ ~~Mysore~~ ~~Bank~~ ~~of~~ ~~Mys~~ ~~Ltd~~ ~~to~~ ~~the~~ ~~Mys~~ ~~Chrome~~ ~~Dam~~ ~~Co.~~ ~~Ltd~~ ~~on~~ ~~the~~ ~~guarantee~~ ~~of~~ ~~Govt~~ ~~subject~~ ~~to~~ ~~certain~~ ~~conditions~~ ~~and~~ ~~also~~ ~~indicating~~ ~~that~~ ~~separate~~ ~~orders~~ ~~will~~ ~~issue~~ ~~regarding~~ ~~guarantee~~ ~~comm~~ ~~payable~~ ~~to~~ ~~Govt~~ ~~in~~ ~~this~~ ~~regard.~~ approving the guaranteeing grant of a loan of Rs 50,000/- by the Bank of Mys Ltd to the Mys Chrome Dam Co. Ltd on the guarantee of Govt subject to certain conditions and indicating that separate orders will issue regarding guarantee comm payable to Govt in this regard.

Flag B.

Letter No. 257 dated 19.7.55 from the Chairman & Mg Dir of the Mys Chrome Dam Co. Ltd requesting ~~the~~ ~~Mys~~ ~~Chrome~~ ~~Dam~~ ~~Co.~~ ~~Ltd~~ ~~to~~ ~~arrange~~ ~~guarantee~~ ~~comm~~ ~~at~~ ~~1½~~ ~~per~~ ~~annum~~ ~~on~~ ~~the~~ ~~loan~~ ~~of~~ ~~Rs~~ ~~50,000~~ ~~granted~~ ~~by~~ ~~the~~ ~~Govt~~ ~~to~~ ~~the~~ ~~Mys~~ ~~Chrome~~ ~~Dam~~ ~~Co.~~ ~~Ltd~~ ~~and~~ ~~to~~ ~~arrange~~ ~~any~~ ~~other~~ ~~things~~ ~~that~~ ~~the~~ ~~guarantee~~ ~~comm~~ ~~regarding~~ ~~the~~ ~~loan~~ ~~granting~~ ~~guarantee~~ ~~comm~~ ~~might~~ ~~be~~ ~~waived~~ ~~or~~ ~~to~~ ~~be~~ ~~fixed~~ ~~by~~ ~~Govt~~ requesting that the guarantee commission might be waived or to be fixed by Govt.

Flag G.

Letter No. EI. SA. 4994/55-56 dated 24-8-1955 from the Dy Dir in the matter.

T 4426-9/Ind 190-54-20

Order No. 2071/56

Dated Bglr the 31st January 57

~~The~~ ~~guarantee~~ ~~commission~~ ~~payable~~ ~~to~~ ~~Govt~~ ~~by~~ ~~the~~ ~~Mys~~ ~~Chrome~~ ~~Dam~~ ~~Co~~ ~~Ltd~~ ~~in~~ ~~respect~~ ~~of~~ ~~the~~ ~~loan~~ ~~of~~ ~~Rs~~ ~~50,000~~ ~~granted~~ ~~by~~ ~~the~~ ~~Bank~~ ~~of~~ ~~Mysore~~ ~~Ltd~~ ~~to~~ ~~the~~ ~~Mys~~ ~~Chrome~~ ~~Dam~~ ~~Co.~~ ~~Ltd~~ ~~on~~ ~~the~~ ~~guarantee~~ ~~of~~ ~~Govt~~ ~~is~~ ~~fixed~~ ~~at~~ ~~1½~~ ~~(half)~~ ~~per~~ ~~annum~~ ~~payable~~ ~~by~~ ~~the~~ ~~Mys~~ ~~Chrome~~ ~~Dam~~ ~~Co.~~ ~~Ltd~~ ~~to~~ ~~the~~ ~~Govt.~~

The guarantee commission payable to Govt. by the Mys. Chrome Dam Co. Ltd in respect of the loan of Rs 50,000/ granted to them by the Bank of Mysore Ltd. to the Mys Chrome Dam Co. Ltd. on the guarantee of Govt is fixed at 1½ (half) per annum payable by the Mys Chrome Dam Co. Ltd to the Govt.

for Dy Secy

The chairman & Mg Dir The Mys Chrom Dam Co.
The Div Idc.
The A.G. through F.D.
Secy to BMIC.
The Dy Dir (Budget)
Copy to. The Bank of Mys Ltd

Ind. 190-54-23

PROCEEDINGS OF THE GOVERNMENT OF MYSORE.

Read:

Letter No. E1. SA. 4994/55-56, dated 24-8-1955, from the Director of Industries and Commerce in Mysore, Bangalore, stating that at present the various industrial concerns to whom loans have been sanctioned, on the guarantee of Government and those concerns since brought under the purview of the Mysore State Aid to Industries Act, are paying different rates of ordinary interest; and guarantee commission as noted in the margin and requesting in the circumstances explained sanction to fix a uniform rate of Government guarantee commission in respect of all concerns granted aid under the State Aid to Industries Act.

	Rate of ordinary interest	Rate of guarantee commission
1. The Mysore Spun Silk Mills Ltd., Channapatna. ..	5½%	½%
2. The Mysore Silk Filatures, T.Narasipur - Three loans. ..	4%, 4%&5%	1%
3. Messrs. K.B. Doddarajappa and K.R. Natarajaiah, Bangalore Fancy Fire Works. ..	6%	½%
4. Kapila Textile Mills Ltd., Nanjangud. ..	1½% more than the rate of the Reserve Bank of India.	1%
5. The Mysore Chrome Tanning Co., Ltd., Bangalore. ..	5%	~~Not yet fixed~~ ½%

ORDER No. I. 252-4/ind 190-54-23

DATED, BANGALORE, THE 28/4/24 MARCH 1956.

After reviewing the question ~~in all aspects~~ of the rate of guarantee commission in respect of loan cases, it is decided that ~~Government, as a general rule, direct to fix the following rate~~ the rate of Government Guarnatee Commission

P.t.o.

100

in respect of loans to be sanctioned hereafter: be 1/2% when the loan to be guaranteed is one lakh or below and one per cent above this limit.

When the loan to be guaranteed is one lakh or below, the commission is fixed at 1/2 (half) per cent; and

when the loan is above the limit, the commission is fixed at 1 (one) per cent.

Secretary to Government,
Development Department.

To---The Director of Industries and Commerce in Mysore, Bangalore;
The Accountant-General, Mysore, Bangalore;
The Secretary, Board of Management of Indl. Concerns, Bangalore;

Copy to Financial Secretariat (Budget).

Spare 6 copies.

Fin. No. I 426-9 dtd 190.54

dated 20/24/i/56

fixing the rate of
premium on Cons. at 12% payable to
Govt by the Mys Chrome
Tannery Co in respect of
the loan of Rs 50,000/- sanctd.
to the Mys Chrome Tanning Co

PROCEEDINGS OF THE GOVERNMENT OF MYSORE.

READ:-

Letter No.E1.SA. 4994/55-56 dated 24-8-1955, from the Director of Industries and Commerce in Mysore, Bangalore, stating that at present the various Industrial concerns to whom loans have been sanctioned on the guarantee of Government and those concerns since brought under the purview of the Mysore State Aid to Industries Act, are paying different rates of ordinary interest, and guarantee commission as noted in the margin and requesting in the circumstances explained, sanction to fix a uniform rate of Government guarantee commission in respect of all concerns granted aid under the State Aid to Industries Act.

	Rate of ordinary interest.	Rate of guarantee commission.
1. The Mysore Spun Silk Mills, Ltd., Channapatna. ...	5½%	½%
2. The Mysore Silk Filatures, T.Narasipur - Three loans.	4%, 4% & 5%	1%
3. Messrs. K.B.Doddarajappa and K.R.Natarajaiah, Bangalore Fancy Fire Works.	6%	½%
4. Kapila Textile Mills, Ltd., Nanjangud. ...	1½% more than the rate of the Reserve Bank of India.	1%
5. The Mysore Chrome Tanning Co., Ltd., Bangalore. ...	5%	~~Not yet fixed~~

ORDER NO. I 252-4/ms 190-54-23

DATED, BANGALORE, THE 18th APRIL, 1956.

After reviewing the question of the rate of guarantee commission in respect of loan cases, it is directed, as a general rule, that the rate of Government Guarantee Commission in respect of loans to be sanctioned hereafter, be ½% (half percent) when the loan to be guaranteed is one lakh or below and one percent above this limit.

(K.Khader Mohiddin)
for Secretary to Government,
Development Department.

To

The Director of Industries & Commerce in Mysore, Bangalore.
The Accountant General, Mysore, Bangalore.
The Secretary, Board of Management of Industrial Concerns, Bangalore.

Copy to Financial Secretariat (Budget).

~~THE GOVERNMENT OF MYSORE.~~

READ:-

Letter No.E1.SA.4994/55-56 dated 24-8-1955, from the Director of Industries & Commerce in Mysore, Bangalore, stating that at present the various Industrial Concerns to whom loans have been sanctioned on the guarantee of Government and those concerns since brought under the purview of the Mysore State Aid to Industries Act, are paying different rates of ordinary interest, and guarantee commission as noted in the margin and requesting in the circumstances explained, sanction to fix a uniform rate of Government guarantee commission in respect of all concerns granted aid under the State Aid to Industries Act.

	Rate of ordinary interest.	Rate of guarantee commission
1. The Mysore Spun Silk Mills, Ltd., Channapatna. ...	5½%	½%
2. The Mysore Silk Filatures, T.Narasipur - Three loans.	4%, 4% & 5%	1%
3. Messrs. K.B.Doddarajappa and K.R.Nabarajaiah, Bangalore Fancy Fire Works.	6%	½%
4. Kapila Textile Mills, Ltd., Nanjangud. ...	1½% more than the rate of the Reserve Bank of India.	
5. The Mysore Chrome Tanning Co., Ltd., Bangalore. ...	5%	not fixed.

2. G.O.No.I.4426-9/Ind.190-54-20 dated 20/24-1-1956, fixing the rate of guarantee commission at 1/2% payable to Government in respect of the loan of Rs.50,000/- sanctioned to the Mysore Chrome Tanning Co.Ltd.

ORDER NO. I 252-4/Ind.190-54-23

DATED, BANGALORE, THE 18th APRIL 1956.

After reviewing the question of the rate of guarantee commission in respect of loan cases, it is directed as a general rule, that the rate of Government Guarantee Commission in respect of loans to be sanctioned hereafter, be ½% (Half per cent) when the loan to be guaranteed is one lakh or below and one per cent above this limit.

(K.Khader Mohiddin)
for Secretary to Government,
Development Department.

To
The Director of Industries & Commerce in Mysore, Bangalore.
The Accountant General, Mysore, Bangalore.
The Secretary, Board of Management of Industrial Concerns, Bangalore.
Copy to Financial Secretariat (Budget).

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GOVERNMENT OF MYSORE.

Read:-

Letter No.51.SA.4994/55-56 dated 24-8-1955, from the Director of Industries & Commerce in Mysore, Bangalore, stating that at present the various Industrial Concerns to whom loans have been sanctioned on the guarantee of Government and those concerns whose benefit under the purview of the Mysore State Aid to Industries Act, are paying different rates of ordinary interest, and guarantee commission as noted in the margin and requesting in the circumstances explained, sanction to fix a uniform rate of Government guarantee commission in respect of all concerns granted aid under the State Aid to Industries Act.

	Rate of ordinary interest.	Rate of guarantee commission
1. The Mysore Spun Silk Mills Ltd., Channapatna.	5½%	1%
2. The Mysore Silk Filatures, T.Narsipur- Three Loans.	4½, 4½, 4% & 5%	1%
3. Messrs. S.D.Jaidka & Sons and K.T.Narasimhaiah, Bangalore Rainy Fire Works.	6%	1%
4. Kapila Textile Mills, Ltd., Bhadravati.	1% more than the rate of the Reserve Bank of India.	
5. The Mysore Chrome Tanning Co., Ltd., Bangalore.	5%	Not yet fixed.

2. G.O.No.I.4420-9/Ind.190-54-20 dated 20/24-1-1956, fixing the rate of guarantee commission at 1% payable to Government in respect of the loan of Rs.50,000/- sanctioned to the Mysore Chrome Tanning Company Ltd.

(PUBLISHED) No.I. 252-4/Ind.190-54-25

BANGALORE, THE 10th APRIL, 1956.

After reviewing the question of the rate of guarantee commission in respect of loans issued, it is directed as a general rule, that the rate of Government guarantee commission in respect of loans to be sanctioned hereafter, be 1% (One per cent) when the loan to be guaranteed is one lakh or below and one per cent above this limit.

(E.Thodor Shillin)
for Secretary to Government,
Development Department.

To

The Director of Industries & Commerce in Mysore, Bangalore.
The Accountant General, Mysore, Bangalore.
The Secretary, Board of Management of Industrial Concerns, Bangalore.
Copy to Financial Secretariat (Budget).

PROCEEDINGS OF THE GOVERNMENT OF MYSORE.

Read:-

Letter No.DI.31.4994/55-56 dated 24-8-1955, from the Director of Industries & Commerce in Mysore, Bangalore, stating that at present the various Industrial Concerns to whom loans have been sanctioned on the guarantee of Government and those concerns since brought under the purview of the Mysore State Aid to Industries Act, are paying different rates of ordinary interest, and guarantee commission as noted in the margin and requesting in the circumstances explained, sanction to fix a uniform rate of Government guarantee commission in respect of all concerns granted aid under the State Aid to Industries Act.

	Rate of ordinary interest.	Rate of guarantee commission.
1. The Mysore Agun Silk Mills, Ltd., Channapatna.	5½%	1%
2. The Mysore Silk Filatures, T.Narasipur- Three loans.	4½ 4½, 4½ & 5%	1%
3. Messrs. T.S.Doddarajappa and T.T.Ratnamjaiah, Bangalore Fancy Fire Works.	6%	1%
4. Kupila Textile Mills, Ltd., Hanjangud.	1½% more than the rate of the Reserve Bank of India.	
5. The Mysore Chrome Tanning Co., Ltd., Bangalore.	5%	Not yet fixed.

R. G.O.No.I.4486-9/Ind.100-54-20 dated 20/24-1-1956, fixing the rate of guarantee commission at ½% payable to Government in respect of the loan of Rs.50,000/- sanctioned to the Mysore Chrome Tanning Company Ltd.

ORDER NO.I. 252-4/Ind.100-54-23

DATED, BANGALORE, THE 19th/24 APRIL, 1956.

After reviewing the question of the rate of guarantee commission in respect of loan cases, it is directed as a general rule, that the rate of Government Guarantee Commission in respect of loans to be sanctioned hereafter, be ½% (Half per cent) when the loan to be guaranteed is one lakh or below and one per cent above this limit.

(K.Khadar Vahiddin)
for Secretary to Government,
Development Department.

To

The Director of Industries & Commerce in Mysore, Bangalore.
The Accountant General, Mysore, Bangalore.
The Secretary, Board of Management of Industrial Concerns, Bangalore.
Copy to Financial Secretariat (Budget).